

Annexure

MASTER CIRCULAR - EQUITY DERIVATIVES SEGMENT

(UPDATED UPTO March 31, 2024)

TABLE OF CONTENTS

1. DEALS
2. LIQUID ASSETS
3. MARGINS
4. SECURITIES TRANSACTION TAX
5. CLEARING & SETTLEMENT
6. SETTLEMENT OBLIGATIONS
7. FOREIGN PORTFOLIO INVESTORS (FPIs) AND MUTUAL FUNDS (MF)
8. EQUITY DERIVATIVE POSITION LIMIT
9. STOCK FUTURES POSITION LIMITS
10. STOCK OPTIONS
11. CORE SETTLEMENT GUARANTEE FUND
12. ADJUSTMENT FOR CORPORATE ACTIONS
13. CHARGES & PENALTIES

1. DEALS

Deals executed on the Derivatives Segment of BSE, NSE and MSE (and other specified exchanges under Interoperability) are eligible to be cleared and settled through Clearing Corporation in the Equity Derivatives Segment unless specifically deferred or not allowed to or rejected from admission by the relevant authority.

2. LIQUID ASSETS

The liquid assets for trading in equity futures and options contracts are to be maintained separately in the Equity Derivatives Segment.

2.1 Composition of Liquid Assets

Clearing Members of the Equity Derivatives Segment may deposit liquid assets in form of cash and cash equivalent i.e. Bank Guarantees, Fixed Deposit Receipts of scheduled commercial banks, eligible Government Securities, eligible Liquid Mutual Fund Units and non-cash equivalent i.e. eligible securities, eligible Mutual Fund Units (other than Liquid Mutual Fund) and in any other form of collateral as may be prescribed by the Indian Clearing Corporation Ltd. (ICCL / Clearing Corporation) from time to time. List of eligible securities and mutual fund units is available on the website of BSE / ICCL.

Eligible Collateral	Haircut	Concentration Limit	
Cash Equivalent			
Cash	No haircut	No Limit	
Bank Fixed Deposits Receipts ("FDRs")	No haircut	No limit	
Bank Guarantees	No haircut	Limit on exchange's exposure to a single bank (see Note B)	
Securities of the Central Government	Type and Tenor of Securities	No limit	
	Treasury Bills, and Liquid Government of India Dated Securities having residual maturity of less than 3 years		2%
	Liquid Government of India Dated Securities having residual maturity of more than 3 years		5%
	For all other Semi-liquid* and Illiquid* Government of India Dated Securities	10%	
Units of liquid mutual funds or government securities mutual funds (by whatever name called which invest in government securities)	10%	No Limit	

Other Liquid Assets

1. Cannot be used for mark to market losses
2. Total of Other Liquid Assets cannot exceed total of Cash Equivalents

Liquid (Group I) Equity Shares (see section 3 for classification of equity shares on the basis of liquidity)	Same as the VaR margin for the respective shares	Limit on exchange's exposure to a single issuer
Mutual fund units other than those listed under cash equivalents	Same as the VaR margin for the units computed using the traded price on stock exchange, if available, or else, using the NAV of the unit treating it as a liquid security	
Card value of eligible exchanges	50% if the last sale or auction of card in the exchange took place during the last six months. 75% if the last sale or auction of card in the exchange took place during the last twelve months but not within the last six months. 100% if no sale or auction of card in the exchange has taken place during the last twelve months.	Eligible only for Extreme Loss Margin
Corporate Bonds	Fixed percentage based or VaR based Haircut. A higher haircut may be considered to cover the expected time frame for liquidation. To begin with the haircut shall be a minimum of 10% _____ member.	Not to exceed 10% of the total liquid assets of the clearing

The exchanges shall lay down exposure limits either in rupee terms or as percentage of the Trade Guarantee Fund (TGF) / Settlement Guarantee Fund (SGF) that can be exposed to a single bank directly or indirectly. The total exposure would include guarantees provided by the bank for itself or for others as well as debt or equity securities of the bank which have been deposited by members towards total liquid assets. Not more than 5% of the TGF/SGF or 1% of the total liquid assets deposited with the exchange, whichever is lower, shall be exposed to any single bank which has a net worth of less than Rs 500 Crores and is not rated P1 (or P1+) or equivalent, by a RBI recognized credit rating agency or by a reputed foreign credit rating agency, and not

more than 50% of the TGF/SGF or 10% of the total liquid assets deposited with the exchanges, whichever is lower, shall be exposed to all such banks put together.

**The exchanges shall lay down exposure limits either in rupee terms or as percentage of the Trade Guarantee Fund (TGF)/Settlement Guarantee Fund (SGF) that can be exposed to a single issuer directly or indirectly and in any case the exposure of the TGF/SGF to any single issuer shall not be more than 15% of the total liquid assets forming part of TGF/SGF of the exchange.

The cash/cash equivalent component should be at least 50% of the total liquid assets. Hence, non-cash equivalent component in excess of the total cash/cash equivalent component would not be considered as part of Total Liquid Assets. Further, the Liquid Assets deposited in form of cash equivalent and non-cash equivalent are subject to applicable norms in respect of haircuts, single bank and single issuer exposure limits, etc. as per the guidelines issued by Securities and Exchange Board of India (SEBI), BSE and ICCL as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

2.2 Minimum Liquid Asset

The Clearing Member shall meet with the minimum liquid asset's requirements prescribed by ICCL at all points of time.

The Clearing Member's liquid net worth after adjusting for the initial margin and extreme loss margin requirements must be at least Rs. 50 Lakhs at all points in time.

Accordingly, every clearing member of the Clearing Corporation is required to maintain a minimum-security deposit with the Clearing Corporation in the following manner:

- i. Rs.25 lakhs in the form of cash, and
- ii. Rs.25 lakhs in any one or combination of the following forms:
 - a. Cash
 - b. Fixed Deposit Receipts issued by Approved Banks **Part C (7)** List of banks approved for issuing Bank Guarantees and FDRs, deposited with Approved Custodians **Part C (8)** List of Approved Custodians or with the Clearing Corporation.
 - c. Bank Guarantee in favour of Indian Clearing Corporation Limited from Approved Banks.
 - d. Equity shares of approved companies and units of Exchange Traded Funds in demat form deposited with Approved Custodians, as per list provided by Clearing Corporation or pledged in favour of Clearing Corporation from any other depository participant of NSDL or CDSL.

2.3 Additional Liquid Assets

Clearing members may deposit additional liquid assets in at any point of time based on the composition of Liquid Assets as detailed above.

2.4 Procedure for submission of deposits towards Liquid Assets Cash Deposits

For depositing cash towards liquid assets, the Clearing Members need to send their online instruction in respect of same through the Collateral Module to their respective Clearing Banks for confirmation of such request for enhancement of cash collateral.

ICCL has provided an on-line facility to members for sending instructions to Clearing Banks for enhancement of cash collateral. Through the said facility, Members can place their on-line requests to their designated Clearing Bank during the specified timings for enhancement of cash collateral for the relevant segment of the Exchange. The concerned Clearing Banks have also been provided access to the on-line web-based facility for confirmation of the cash collateral enhancement requests. Based on the request forwarded by the Member, the respective Clearing Banks may confirm or reject the enhancement of cash collateral request received by them.

ICCL shall pay interest at the rate of 3.5% per annum on cash collateral maintained in the Equity Derivatives Segment. The interest would be calculated on a weekly basis on the cash collateral maintained throughout the week in the Equity Derivatives Segment.

Fixed Deposit Receipts (FDRs)

Clearing Members can deposit FDR(s) of a scheduled commercial bank towards liquid assets.

ICCL will not accept Fixed Deposit Receipts (FDRs) from trading/clearing members as collateral, which are issued by the trading/ clearing member themselves or banks who are associate of trading/clearing member.

Explanation - for this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2018.

The FDRs deposited by the Clearing Members should be issued in favour of "Indian Clearing Corporation Ltd. A/c – Trade Name of the Clearing Member" and should be duly discharged by the Clearing Member himself or an authorised signatory of the member on the reverse of the FDRs. The FDR needs to be deposited along with a covering letter of the Clearing Member in the format given in Annexure - I, and also with a letter from the concerned bank addressed to ICCL in the format given in Annexure - II.

Fixed Deposit Receipts in electronic form (E-FDRs)

The Clearing Members can also deposit the Fixed Deposit Receipts in electronic form (E-FDRs) in favour of ICCL towards their liquid assets. The process for issuance of E-FDR is as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit required documents and information such as member code, segment for which FDR is to be deposited towards Liquid Assets (Collateral) requirements, Amount, Tenure etc.

- Request the bank to create/renew a FDR and mark lien in favour of ICCL.
- Bank will issue/renew the FDR, mark lien in favour of ICCL.
- Bank will update and confirm the FDR information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of E-FDR would be same as that of the current process for the FDR. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

Renewal of FDRs

Clearing Members may renew the FDRs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – III. The renewal letter should be submitted along with a covering letter by the Clearing Member in the prescribed format given in Annexure - IV.

Bank Guarantee (BGs)

Clearing Members can deposit Bank Guarantees (BGs) issued by Scheduled Commercial Banks towards Liquid Assets in the prescribed format given in Annexure - V. The BG may be deposited along with a covering letter of the Clearing Member in the format given in Annexure - VI.

Clearing Members can deposit bank guarantee(s) with/without the claim period. In cases where bank guarantee(s) are submitted without a claim period, the amount of the bank guarantee(s) would be removed from the liquid assets of the member at least seven days before the expiry date of the bank guarantee(s) or such other period as may be decided by ICCL from time to time.

Clearing Members are required to ensure the following at the time of deposit of bank guarantees:

- The bank guarantee is strictly as per the formats prescribed by the Clearing Corporation.
- No relevant portion in the bank guarantee is left blank
- All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal / stamp duly authorised.
- All handwritten corrections and blanks are attested by the bank by affixing the bank seal / stamp duly authorized.
- Each page of the bank guarantee should bear the bank guarantee number, issue date and should be signed by at least two authorised signatories of the bank.
- That the bank guarantee is free from any discrepancy before the same is submitted to ICCL.

Renewal of BGs

Clearing Members may renew the BGs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – VII.

The renewal letter should be submitted along with a covering letter by the Clearing Member in the prescribed format given in Annexure - VIII.

Bank Guarantee in electronic form

The Clearing Members can also deposit the Bank Guarantees in electronic form in favour of ICCL towards their liquid assets. The process for issuance Bank Guarantees in electronic form is as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit their request along with the required documents/information and complete the necessary formalities as may be required by the concerned banks for issuing Bank Guarantees towards Liquid Assets (Collateral) requirements.
- If the documents are in order as per bank's requirements, then the Bank may issue the Bank Guarantee documents in favour of ICCL as per the existing process.
- Bank will update and confirm such Bank Guarantee information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of such Bank Guarantees is the same as that of the current process for the Bank Guarantee Release. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

Eligible securities and units by way of pledge towards Liquid Assets

Clearing Members can deposit eligible securities and units in dematerialised form towards liquid assets by way of pledge. The list of eligible securities and units is available on BSE/ICCL web-site at

<https://www.bseindia.com/downloads1/EligibleSecuritiesCollateraDeposit.zip> and https://www.bseindia.com/downloads1/List_collateral.zip. These securities and units shall be pledged in favour of ICCL in the designated depository accounts.

The valuation of the securities and units deposited towards Liquid Assets shall be in accordance with the norms and limits as prescribed by ICCL from time to time. The value of the securities shall be subject to such haircut as may be prescribed by ICCL from time to time to arrive at the collateral value of the securities. The valuation of securities and units will be done on a periodic interval by ICCL and benefit to the extent of net value of the securities/units after haircut shall be considered.

ICCL may revise the list of approved securities/units and the norms in respect of same from time to time. Clearing Members shall regularly monitor their valuation of securities/units lying towards Liquid Assets and replace/replenish the same based on the revised list of approved securities/units and change in norms.

Clearing Members shall also ensure that only eligible securities are pledged and lying towards their Liquid Assets with ICCL and that the said securities are not subject to anylock in period, buy back scheme any charge or lien, encumbrance of any kind, or such other limitations or title is questioned before the court or any regulatory body.

Procedure for pledging of demat securities/units towards Liquid Assets

Clearing Members need to follow the following procedure for availing the facility to pledge demat securities /units towards Liquid Assets:

Clearing Members need to execute a deed of pledge in favour of ICCL, for deposit of approved securities towards liquid assets with ICCL for the concerned segment in the prescribed format given in Annexure - IX. The said deed of pledge should be:

- signed and stamped on all pages and where manual changes have been carried out by (i) Clearing Member in case of individual, (ii) all partners in case of a Partnership Firm (iii) by any two of the following persons (Managing Director, Whole-time Director, Directors) in case of a company.
- accompanied with a certified true copy of the Board Resolution, authorising the signatory to sign this deed, to be submitted in case of a company, by Authorized Signatory as approved by the Bank, in case of a Bank.
- accompanied with a copy of the authority letter addressed by the member to its Clearing Bank authorising them to carry out the debit in respect of charges levied by ICCL/ICCL's custodian. The said copy of letter shall be duly acknowledged by their Clearing Bank.
- A covering letter of the Clearing Member enclosing details of the aforesaid and requesting for opening of a pledgee account of ICCL in whose favour the said demat securities/units towards Liquid Assets of the member shall be pledged.

Clearing Members can initiate pledging of securities/units in favour of ICCL for deposit of same towards their Liquid Assets, and requisite benefits in respect of same will be available after receipt of confirmation of the pledge from the Depository system.

Government of India Securities towards Liquid Assets

Clearing Members may deposit eligible securities of Central Government of India (G-Sec) and Treasury bills (T-bills). The list of such eligible securities is available on BSE/ICCL website at https://www.bseindia.com/downloads1/List_of_Eligible_Gsec.zip.

The procedure for deposit of eligible securities in the form of G-Sec and T-Bills shall be as prescribed in Annexure – X also available on the BSE/ICC website at https://www.bseindia.com/downloads1/1_4_10_3_1.zip.

Risk based capital (Additional Capital)

Under the interoperability guidelines, there is a requirement of credit risk-based collateral to be maintained by the CCs with each other in addition to the margin requirement for CCs. The inter-CC credit risk-based collateral from linked CCs will be an add-on to the margin requirement. The objective of the additional capital is to provide a second line of defence beyond the margin requirements.

With a view to address the risk of interconnectedness between financial market infrastructures on account of CC interoperability, all CCs have agreed to use the Credit Value Adjustment methodology using standardized approach as outlined in Basel Standard (bcbs189: <https://www.bis.org/publ/bcbs189.pdf>) for arriving at the Inter-CC Collateral Requirement based on credit risk of associated CC.

- The Basel Committee standard bcbs279 (The standardised approach for measuring counterparty credit risk exposures, March 2014) provides the guidance for the standardized approach for measuring counterparty credit risk exposures (“SA-CCR”).
- The Basel Committee standard bcbs282 (Capital requirements for bank exposures to central counterparties, April 2014) extends the SA-CCR approach for Capital requirements for bank exposures to central counterparties. Detailed methodology for computation of capital requirement for bank exposures to CCPs is contained in these two standards.
- The CCs shall compute the Exposure at Default (“EAD”) in respect of the inter-CC exposures using the Basel standards mentioned above.
- Based on the EAD calculated, the CCs will arrive at the inter-CC collateral using the Credit Value Adjustment (“CVA”) method as prescribed under the Basel Committee norms. The CVA calculation methodology in accordance with the Basel Committee standard bcbs189 (Basel III: A global regulatory framework for more resilient banks and banking systems, June 2011) is used for this purpose.

Formula for computation of additional capital requirement:

Where

- K = Additional capital
- EAD_i is calculated using the standardized approach
- M_i is subject to floor of 1 and cap of 5
- h is the one-year risk horizon (in units of a year), h = 1.
- w_i is the weight applicable counterparty i

Collateral check

The collateral provided by the interoperable CC after adjustment of the risk-based capital shall be assessed against the inter-CC margin requirement. This monitoring will be against the total margin requirement for the interoperable CC across all the segments.

2.5 Procedure for submission of release request of Liquid Assets

Clearing Members can place their on-line requests for release of Liquid Assets deposited by them with ICCL to the extent of available collateral which is not utilised/blocked towards margins and/or other obligations of the member through the collateral module provided to them. Such requests may be considered by ICCL, inter alia, subject to no lien being exercised by ICCL pursuant to the applicable Rules, Byelaws and Regulations and subject to availability of un-utilised collateral of the member after due adjustments for the fulfilment of all obligations and liabilities of the member towards ICCL/BSE as per the Bye Laws, Rules and Regulations of ICCL/BSE or anything done in pursuance thereof.

Clearing Members can log-in to the web-based CLASS Collateral Module of ICCL and submit their requests for release of available collaterals. No separate letter would be required to be submitted for the same.

2.6 Transfer of collateral from one trading segment to another trading segment

Clearing Members, who intend to transfer collateral across segments need to send their on-line instruction in respect of same through the Collateral Module. Members can log-in through specific user-ids and passwords into the Collateral Module.

Clearing Members can avail facility of on-line transfer of collateral across segments to the extent of the available amount of unutilised collateral (collateral which is not utilised/blocked towards margins and/or other obligations of the member). The transfer requests received from Clearing Members through the Collateral Module shall be treated as request from the member and no separate letter would be required to be submitted.

In case of collateral lying in form of bank guarantees issued by banks the same would be available for transfer from one trading segment to another, only after submission of letter from the concerned bank regarding transfer of scope of the bank guarantee in the specified format given in Annexure - XI, to ICCL. Only Fungible BG will be allowed for transfer.

The evaluation of collateral transfer across the segments will be subject to hair-cut and other criteria/norms in respect of the concerned segments as specified by SEBI/BSE/ICCL in this behalf from time to time.

Clearing Members may verify the details of their request for transfer and its status in the CLASS Collateral Module.

2.7 Open ended Mutual Funds Units as Collaterals

Units of mutual funds are also accepted in dematerialized form as approved collaterals through approved custodians.

Units of all mutual funds may also be accepted as the securities component of liquid assets.

2.8 Inter CC Collateral - As per SEBI circular section 5.3.3, 'The liquid assets as well as haircuts as prescribed vide SEBI Circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 on "Comprehensive Risk

Management Framework for the cash market” and SEBI Circular CIR/MRD/DRMNP/9/2013 dated March 20, 2013 on “Corporate bonds and Government securities as collateral” shall be applicable for inter-CCP transactions.

CCs have agreed to initially exchange cash/ bank guarantees/ FDRs for the purpose of inter CC margin requirement.

Single collateral across segments

Unlike clearing members who are required to maintain collateral segment-wise; the interoperable CCs are permitted to deposit single overall collateral. The collateral available towards margin requirement (i.e., the total collateral net of the risk-based capital) is to be assessed against the total inter-CC margin requirement across segments. The inter-CC margin enforcement is not upfront (ordinarily end-of-day and subject to intraday margin call).

Inter CC movement of collateral for change in Designated CC

Where a clearing member decides to change its CC, post interoperability, the outgoing CC shall facilitate porting of positions and collateral of the clearing member to incoming CC. While porting of cash and securities is easier, the same is not true for fixed deposit receipts and Bank Guarantees. The BGs and FDRs are issued by Banks to clearing members in favour of a specific CC. Where a clearing member decides to change its CC, post interoperability, this would have entailed cancellation of existing FDR and BG that are in favour of outgoing CC and issuance of new FDR and BG in favour of incoming CC. This would have been both time consuming and costly. In view of this it was agreed between CCs that while outgoing CC shall retain such FDR and BG till expiry of the instrument, it will pass on the details of such instruments to incoming CC. The member will renew BG or FD in favour of new CC upon expiry of existing instruments. In case clearing member want to get release of such instruments, the request shall be made to new CC. The new CC shall after doing necessary checks give go ahead to old CC for release of such collateral. The procedural details are provided by CC in FAQ and circulars.

2.9 Pledge / Re-pledge of Securities

Deposit of eligible demat securities (inclusive of Equity shares/MF Units/Corporate bonds, G-sec's etc.) by way of pledge/re-pledge in favour of ICCL towards collateral requirements by Clearing Members (CMs) through the Depositories system, the undermentioned new process will be followed as prescribed in the aforementioned SEBI Circular dated February 25, 2020, w.e.f. August 01, 2020.

a. Pledging-Repledging of Securities

1. As per the process prescribed in the aforesaid SEBI Circular, the Depositories will provide the files pertaining to pledge/re-pledge to ICCL.
2. Clearing Members will be required to open separate designated demat account in the Depositories system for the purpose of providing securities as collateral. CMs need to provide the details of designated demat accounts from where the pledge/re-pledge of

eligible securities will be created in favour of ICCL. The said demat account details are to be provided by email addressed to bse.csd@bseindia.com, latest by July 20, 2020.

3. The details of ICCL's demat accounts in favour of which pledge/re-pledge of eligible securities are to be created by CMs will be provided through a separate circular. Details of such demat accounts of ICCL will also be available in the respective Depository system at the time of creation of pledge/re-pledge of eligible securities.

4. Custodians would be required to enter Custodial participant (CP) code in pledge/re-pledge instructions pertaining to their CP clients as per the procedure stipulated by the Depositories.

5. After creating pledge/re-pledge in the Depository system, on the basis of the details provided by the Depositories, the following fields will be provided to the respective CMs in the collateral holding report.

- Client UCC
- Trading Member (TM) Code/CP Code
- CM Code
- Segment Indicator
- CM Demat account details
- Description of Securities
- Depository ISIN
- Quantity
- Depository Pledge/Re-pledge sequence No etc.

Such collateral holding report will be available in the existing ICCL Collateral Management Module -*Reports -*Holding Statement / New Holding Statement provided to the CMs. In addition to this, along with the other End-of-Day (EOD files) of the respective segment, comprehensive report pertaining to the securities pledged by CMs in favour of ICCL will also be provided in CSV format. File format for the same is attached.

6. CMs may note that the Depository system will accept only eligible securities towards pledge/re-pledge by CMs in favour of ICCL.

7. The evaluation of collateral will be subject to existing norms/criteria pertaining to haircut, composition of cash/cash equivalent & non-cash equivalent etc. as specified by SEBI/ICCL in this behalf from time to time.

b. Release of Securities

1. For release of pledged securities lying with ICCL, the CMs can place their online requests through ICCL Collateral Module as per existing process.

2. Such pledge/re-pledge securities will be released only if the same are not utilised towards margin/obligations of the respective clients/TMs of the concerned CM or; there is sufficient unutilised collateral deposit of the concerned CM available with ICCL to meet such margin/obligation requirements.

For other details, Members are requested to refer the aforesaid SEBI Circular No SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 & SEBI circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/88 dated May 25, 2020, or any other circular issued by SEBI/Exchanges/ICCL/Depositories from time to time.

Client Allocation for Cash and Cash Equivalent Collateral

In view of SEBI Circular Ref No. *SEBI/HO/MRD2/DCAP/P/CIR/202* dated November 23, 2021, for availing collateral limits in case of Cash and Cash equivalent collateral, CMs will be required to provide client level collateral allocation details to ICCL through File upload/API. The same may be done through upload of file through member extranet portal or via API.

1. Process for upload of ICCLCOLL file through members’ extranet portal:

- a. File to be uploaded on extranet URL <https://member.bseindia.com>
Path Menu: uploads-*select file type, Collateral Allocation File-* Click upload.
- b. Maximum 50,000 records can be uploaded in a single allocation file.
- c. After upload of the first full allocation file, all subsequent files uploaded by CMs would be for changing the allocated collateral amounts (except in case of transfer) of existing TM/Client/CP or for adding collateral allocation for any new TM/Client/CP.

The allocated amount (except incase of transfer) mentioned in the file would be the allocation requested amount for the respective data string i.e., segment wise collateral allocated for respective CM/TM/Client/CP. Accordingly, the allocated amount provided in the file would replace the previous values for the mentioned data string. However, in case of transfer of collateral amount from one segment to another segment, CM should mention the actual amount to be transferred in the field against “Sr No. 8” and mention the segment where the collateral amount is to be transferred in the field against

“Sr No. 9.Format for ICCLCOLL file:

File Nomenclature	ICCLCOLL_CMCODE_ddmmyyyy_batchno (CM will upload single file for all segments. The segment wise details to be taken from field number two i.e Segment Indicator. Segment indicator details are provided on page number 3. Nomenclature date should be the current business date.) Batch No – Batch no will be unique four-digit sequence no (0001 to 9999)
File type	CSV

Frequency of reporting	<u>Online basis. It will always be a final file at client level.</u> Morning 8:00 am to 8:00 pm (tentative-to be parameterized). Cut-Off time for Commodity and Gold Spot segment to be till 11 pm (tentative-to be parameterized). Records which are uploaded by the members post the above stipulated end time, collateral system will read the records on the next working day.
Cut-off time for submission	

Sr.no.	Field Name	Data Type	Remarks
			DD-MMM-YYYY. Date will be the current business date (file upload date). It should match with the date mentioned in file nomenclature.
1	Current Date	Char (11)	
			*Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
2	Segment Indicator	Char (03)	
3	Clearing Member Code	VarChar (5)	ICCL CM Code
4	Trading Member Code	VarChar (5)	TM Code
5	CP Code	VarChar (12)	CP Code
6	Client Code	VarChar (10)	UCC Code. Value should be Blank when CP code is populated, or Account type is 'P'
7	Account Type	Char (1)	P-prop, C-Client
8	Cash & Cash Equivalents Amount	Number (15,2)	Value in Rs. (Cash + FDR +BG)
			Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB (Actual value to be provided only in case of transfer from one segment to another. In all other cases value should be blank)
9	Transfer to segment	Char (03)	
10	Filler 1		Reserved for future
11	Filler 2		Reserved for future
21	Filler 3		Reserved for future
31	Filler 4		Reserved for future
14	Filler 5		Reserved for future
			Expected sample value:
51	Action	Char (1)	Allocated Collateral amount (A) Transfer (T)

*Segment description –
CM – Equity Cash Segment
FO – Equity Derivatives Segment
CD – Currency Derivatives Segment

CO – Commodity Derivatives Segment
 SLB – SLB Segment
 OFS – Offer for Sale Segment.

TPR – Tri-party Repo Segment
 ITP – ITP Segment
 DT – New Debt Segment
 NCB – NCBGSEC Segment.

f. Format: Input fields for each client/proprietary type

Sr.No.	Level	Clearing Member Code	Trading Member Code	CPCode	Client Code	Account Type	Mandatory
1	CM Proprietary account	CM Code	Blank	Blank	Blank	P	Yes
2	CM's own TM Proprietary account	CM Code	TM Code	Blank	Blank	P	No*
3	CM's aggregated CP Proprietary account	CM Code	(-) TM Code	Blank	Blank	P	No*
4	Clients account	CM Code	TM Code	Blank	Client Code	C	Yes
5	CP account	CM Code	Blank	CP Code	Blank	C	Yes
6	TM's Proprietary account	CM Code	TM Code	Blank	Blank	P	Yes

CM should input the above applicable fields for allocation pertaining to each type.

CM Proprietary account Allocation would be at CM Proprietary level

This allocation would be available towards the excess non-cash collateral of all TMs and their clients including the CM's own TM and CP clients.

Example: CM: 1234.

CM's own TM Proprietary account

Allocation would be at CM's own TM's Proprietary level. This allocation would be available towards the excess non-cash collateral of clients clearing directly through the CM in its capacity as a TM. Excess cash-equivalent collateral of the CM's own TM Proprietary account would first be used to offset the excess non-cash collateral of his clients. In case, excess cash-equivalent collateral of the CM's own TM Proprietary account is not provided or is insufficient to offset the excess non-cash collateral of his clients, then the excess cash-equivalent collateral of the CM as in point 1 would be used. Example: CM: 1234; TM:1234

CM’s aggregated CP Proprietary account

Allocation would be at CM’s CP Proprietary level. This is an additional functionality for the CM to allocate his own collateral for all CP clients cleared by him on an aggregate basis. This allocation would be available only towards the excess non-cash collateral of CPs clearing directly through the CM. Excess cash-equivalent collateral of the CM’s own CP Proprietary account would first be used to offset the excess non-cash collateral of his CPs. In case, excess cash-equivalent collateral of the CM’s own CP Proprietary account is not provided or is insufficient to offset the excess non-cash collateral of his CPs, then the excess cash-equivalent collateral of the CM as in point 1 would be used.

Client account

This is applicable for clients of the CM in its capacity as a TM or for any clients of the other TM(s) clearing through the CM.

Example: CM: 1234; TM:1234; Client Code: ABC Or CM: 1234; TM:4370; Client Code: PQR

CP account

This is applicable for CPs directly clearing through the CM.

Example: CM: 1234; CP Code: XYZ

TM’s Proprietary account

Allocation would be at TM Proprietary level.

Example: CM: 1234; TM: 4370.

* Point 2 and Point 3 are additional optional allocation levels provided by ICCL to enable the CM to ring-fence the CM’s own client/CP trades from the trades executed by his other TMs.

- a. In case of allocation to CM Prop, values in TM Code, CP Code, Client Code will be blank
- b. In case of allocation to TM Prop, values in CP Code, Client Code will be blank
- c. In case of allocation to CP, values in TM Code, Client Code will be blank
- d. A response file will be provided to the CMs for the above collateral break-up on Member Extranet portal under folder ‘Allocation Response File’ for rejected records. The format of response file is provided below:

Format: CM Collateral Allocation Response file

File Nomenclature	Res_ICCLCOLL_CMCODE_ddmmyyyy_batchno
File type	CSV
Frequency	Immediate basis post matching of member allocation file vis a vis available collateral in Class Collateral system

Sr. No	Field Name	Data Type	Remarks
1	Current Date	Char (11)	DD-MMM-YYYY. Date shall be the current business date (file upload date)
2	Segment Indicator	Char (03)	*Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
3	Clearing Member Code	VarChar (5)	ICCL CM Code
4	Trading Member Code	VarChar (5)	TM Code
5	CP Code	VarChar (12)	CP Code
6	Client Code	VarChar (10)	UCC Code. Value should be Blank when CP code is populated, or Account type is 'P'
7	Account Type	Char (1)	P-prop, C-Client
8	Cash & Cash Equivalents Amount	Number (15,2)	Value in Rs. (Cash + FDR +BG)
9	Transfer to segment	Char (03)	Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
10	Filler 1		Reserved for future
11	Filler 2		Reserved for future
12	Filler 3		Reserved for future
13	Filler 4		Reserved for future
14	Filler 5		Reserved for future
15	Action	Char (1)	Expected sample value: Allocated Collateral amount (A) Transfer (T)
16	Error code/Error reason	VarChar (50)	In case of rejection, appropriate error code/error reason to be displayed.

- 1) A report utility is provided in ICCL Collateral system to view the status of allocation file uploaded on the below path:

Reports-*Member Reports-* Collateral Allocation File Upload Status

- 2) In case of erroneous records, following Error codes with reasons will be provided for rejected entries in the field "Sr No. 16":
 1. Invalid CM Code in File nomenclature (For Invalid CM code in file nomenclature, entire file would be rejected.)
 2. Invalid CM Code in respective field record (For Invalid CM code in respective field record, respective record would be rejected.)

1. Invalid TM Code (For Invalid TM code respective record would be rejected.)
2. Invalid segment indicator (Records pertaining to wrong segment would be rejected.)
3. Invalid CP Code (For Invalid CP code respective record would be rejected.)

Total Allocated amount is more than available collateral (entire file would be rejected)

Negative values in amount field not accepted (Respective records would be rejected)

Request Rejected due to non-availability of un-utilized collateral (Respective record would be rejected)

File format error (Invalid date, Junk characters, Blank rows – entire file would be rejected)

2. Process for Collateral Allocation through API Facility

The New API is a JSON based API Request facilitating Collateral Management for the Members.

Member registration for API access through the Web Application

- i. Collateral API Authorization Structure Request and Response
- ii. Collateral Management API Structure Request and Response
- iii. The given API shall provide the following facilities:
 - a. Authentication / Session Creation APIs
 - b. Collateral Allocation (Allocation & Transfer)
 - c. Data validation error codes

Fines and Penalties for due to non-availability of Total Liquid Assets during trading session

Instances Disablement	of	Penalty to be levied
1st instance		0.07% per day
2nd to 5th instance disablement	of	Trading limit violation upto Rs.1 crore = 0.07% per day + Rs.1,000/- per instance from 2 nd to 5 th instance.
		Trading limit violation above Rs. 1 crore = 0.07% per day + Rs.5,000/- per instance from 2 nd to 5 th instance
		Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs. 4,000/- (for 2 nd to 5 th instance) + Rs.2,000/- per instance from 6 th to 10 th instance.

6th to 10th instance of disablement	Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.20,000/- (for 2nd
	to 5th instance) + Rs.10000/- per from 6th to 10th instance.
11th instance onwards	<p>Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs.24,000/- (for 2nd to 10th instance) + Rs.2,000/- per instance from 11th instance onwards Additionally, the member will be referred to the Disciplinary Action Committee for Suitable action.</p> <p>Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.70,000/- (for 2nd to 10th instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.</p>

The instances as mentioned above refer to all de-activation/Risk Reduction Mode of trading terminals during market hours in a calendar month.

BSE, as a precautionary measure, provides on-line warnings to its members on the trading terminals when they reach 70%, 80% and 90% of the utilisation of total liquid assets (TLA). When a member crosses 100% of the utilization of TLA, a message is flashed on his trading terminal and immediately thereafter, all his trading terminals get deactivated. The trading terminals of the member in such cases are reactivated only after they deposit the required additional liquid assets. To avoid de-activation of trading terminals and levy of fines/penalties, the additional liquid assets should be deposited by the member sufficiently in advance.

- **Enablement/Disablement by CCs**

When the CCs decide to disable a trading/clearing member, the CCs will notify all exchanges for such disablement and all exchanges will act on such instructions. CCs will only disable members for violations/non-compliance with CC requirements and not for exchange obligations (e.g., margin violation, settlement shortfall etc.). Similarly, when a CC decides to enable a member, it would enable the member on all exchanges.

- **Enablement/Disablement by Exchanges**

If the exchanges decide to disable a trading member, such disablement will be enforced on the respective exchange only and will not have any effect on the activity of the trading member on other exchanges. Such disablement will be due to violations/non-compliance with the exchange requirements and will be initiated by the relevant department of the exchange (e.g., breach of high order/trade ratio) and send to CC for enablement/ disablement.

3. MARGINS

3.1. Initial Margin

a. Computation of Initial Margin

ICCL has adopted the Standard Portfolio Analysis of Risk (“SPAN”) methodology for the purpose of real time risk management.

The Initial Margin requirement is based on a worst scenario loss of a portfolio of an individual client comprising his positions in all the options and futures contracts across various scenarios of price and volatility changes. The Initial Margin requirements shall be set to provide coverage of at least a 99% single-tailed confidence interval of the estimated distribution of future exposure over two days’ time horizon.

The client-wise margins would be grossed across various clients at the Trading / Clearing Member level. The proprietary positions of the Trading / Clearing Member would be treated as that of a client (net basis).The margins levied to members shall be levied and collected in INR.

b. Portfolio Based Margining

The parameters involved in a portfolio-based margining approach include-

i. Worst Scenario Loss

The worst-case loss of a portfolio is calculated by valuing the portfolio under several scenarios of changes in the price and volatility. The scenarios to be used for this purpose would be:

Risk Scenario Number	Price Move in Multiples of	Volatility Move in Multiples of Volatility	Fraction of Loss to be Considered
1.	0 P i	+1 ^R	100%
2.	0	-1	100%
3.	+1/3	+1	100%
4.	+1/3	-1	100%
5.	-1/3	+1	100%
6.	-1/3	-1	100%
7.	+2/3	+1	100%

.	+2/3	-1 ^R	100%
9.	-2/3	+1	100%
10.	-2/3	-1	100%
11.	+1	+1	100%
12.	+1	-1	100%
13.	-1	+1	100%
14.	-1	-1	100%
15.	+2	0	35%
16.	-2	0	35%

The probable premium value at each price scan point for volatility up and volatility down scenarios is calculated and then compared to the theoretical premium value (based on last closing value of the underlying) to determine profit or loss.

The Black-Scholes option pricing model is used for the purpose of calculation of probable/theoretical option values.

The maximum loss under any of the scenario (considering only 35% of the loss in case of scenarios 15 and 16) is referred to as the Worst Scenario Loss.

ii. Volatility

The standard deviation (volatility estimate) is computed using the Exponentially Weighted Moving Average method ("EWMA").

The estimate at the end of time period t (σ_t) is estimated using the volatility estimate at the end of the previous time period. i.e., as at the end of t-1 time period (σ_{t-1}), and the return (r_t) observed in the futures market during the time period t.

The volatility estimated at the end of the day's trading is used in calculating the initial margin calls at the end of the same day.

The formula is as under:

$$\sigma_t^2 = \lambda(\sigma_{t-1})^2 + (1 - \lambda)(r_t)^2$$

Where:

- > λ is a parameter which determines how rapidly volatility estimates changes. The value of λ is currently fixed at 0.995.
- > σ (sigma) means the standard deviation of daily returns in the futures market.
- > r (return) is defined as the logarithmic return: $r_t = \ln (F_t/F_{t-1})$ where F_t is the price of the Index/ Single Stock Future at time t.

iii. Volatility Scan Range

The Volatility Scan Range ("VSR") is the amount by which the implied volatility is changed in each risk array scenario. The VSR is referred to in percentage terms.

The VSR for is derived as the maximum of:

- > 25% of annualized EWMA Volatility and
- > Minimum VSR%

Product	VSR Factor	Minimum VSR
Index Derivatives	25%	4%
Single Stock Derivatives	25%	10%

iv. Price Scan Range

The Price Scan Range ("PSR") is the probable price change over two days period. PSR would be specified by ICCL from time to time. The PSR parameter is referred to in standard deviation/ sigma (σ) terms.

Sr. No.	Particulars	Price Scan Range		
1	Index	Higher	PSR Sigma scaled up by square root	6 sigma x 1.414

Sr. No.	Particulars	Price Scan Range		
	Products	of:	of MPOR of 2 days	
			Minimum Initial Margin scaled up by square root of MPOR of 2 days	9.30%
2	Stock Products	Higher	PSR Sigma scaled up by square root of MPOR of 2 days	6 sigma x 1.414
		of:	Minimum Initial Margin scaled up by square root of MPOR of 2 days	14.20%

- ☐ In case of index option contracts with residual maturity of more than 9 months, the price scan range shall be based on 6σ , scaled up by square root of MPOR 2 days subject to at least 17.7% of the underlying price after considering scaling up.
- ☐ In single stock derivatives the price scan range shall be further scaled up by square of MPOR of 3 days, if the impact cost of the security (as used for categorization of securities for margining in Cash Market) is greater than 1%.

v. Initial Margin Requirement

The Initial Margin Requirement is computed as follows:

Initial Requirement	Margin	=	Maximum of:	-	Net Option Value
			Scan Risk		
			Inter Commodity Credit		
			Intra Commodity Charge		
			Short Option Minimum		

i. **Short Option Minimum Charge**

There is no separate short option minimum charge apart from the margin parameters specified.

ii. Calendar Spread Margin

ICCL provides calendar spread margin benefit wherein a position in one expiry is hedged by an offsetting position in a different maturity of the same underlying

The margin for options is calculated based on delta of the portfolio in each month. A portfolio consisting of a near month option with a delta of 100 and a far month option with a delta of – 100 bears a spread charge equal to the spread charge for a portfolio which is long 100 near month futures and short 100 far month futures. Portfolio pertains to a portfolio consisting of futures and /or options contract on a particular underlying. Option positions of different expiry, irrespective of their strike prices, shall also attract calendar spread margin.

The benefit for a calendar spread continues till expiry of the near month contract. The calendar-spread margin is charged in addition to the worst-scenario loss of the portfolio.

Product	Calendar Spread Margin
Index Derivatives	1.75% of the far month contract
Single Stock Derivatives	2.20% of the far month contract

iii. Net Option Value

The Net Option Value (“NOV”) is the current market value of the option times the number of options (positive for long options and negative for short options) in the portfolio. The Net Option Value would be added to the Liquid Net Worth of the clearing member i.e., the value of short options will be deducted from the liquid net worth and the value of long options will be added thereto.

Thus mark-to-market gains and losses on option positions are adjusted against the available liquid net worth of the Clearing Member. Since the options are premium style, there will be no mark-to-market settlement of profit or loss.

iv. Extreme Loss Margin

Extreme Loss Margin (“ELM”) is applicable on the gross notional value of the open positions in addition to the other margins on a real time basis. It is deducted from the liquid assets of the clearing member on an online, real-time basis.

The Extreme Loss Margin rates are as under:

Sr. No	Particulars	Extreme Loss Margin	
		Index Future	Index Option
1	Minimum ELM	2.00%	2.00%
2	OTM ELM (OTM by more than 10%)	N/A	3.00%
3	Residual Maturity (Maturity > 9 months)	N/A	5.00%
		Stock Future	Stock Option
1	Minimum ELM	3.50%	3.50%
2	OTM ELM (OTM by more than 30%)	N/A	5.25%
3	Residual Maturity (Maturity > 9 months)	N/A	N/A

- Extreme Loss Margin is applicable only on futures and short option positions and is not applicable on long option positions.
- The notional value is to be computed using the latest futures price for futures contracts and last available closing price of the underlying for the options contracts.
- In case of calendar spread positions in futures contracts, extreme loss margin is levied on one third of the value of the open position of the far month futures contract.
- In case of index options contracts that are deep out of the money (OTM) (i.e. strikes out of the money by more than 10% from the previous day closing underlying price) the applicable Extreme Loss Margin will be 3%.
- In case of index option contracts with residual maturity of more than 9 months, the applicable Extreme Loss Margin will be 5%.
- In case of single stock options contracts that are deep out of the money (i.e. strikes out of the money by more than 30% from the previous day closing underlying price) the applicable Extreme Loss Margin will be 5.25%.

v. **Margin on Consolidated Crystallised Obligation**

i. Intraday Current Exposure Margin

Payable crystalized obligations based on the closed-out futures positions and payable/receivable premium at client level.

On *intraday* basis the net payable/receivable amount at client level shall be calculated using:

- ii. Premium payable/receivable
- iii. Futures crystallized Profit or Loss (calculated based on weighted average prices of trades executed).

If the overall amount at client level is payable, such amount shall be the intraday Current Exposure Margin (“CEM”) for the client.

CEM Example

Particulars	Premium Payable (+) /Receivable(-)	Crystallised Loss (+) /Profit (-)	Current Exposure Margin
Client 1	-20	-90	0
Client 2	50	30	80
Client 3	0	0	0
Client 4	-30	80	50
Client 5	30	-80	0
Client 6	-100	80	0
Client 7	100	-80	20

iv. **End – of - day basis**

Payable obligations at client level considering all futures and options positions. At the end of day, the payable/receivable amount at client level will be calculated using:

- Futures mark to market profit/loss to be settled
- Options premium payable/receivable
- Options exercise/assignment for expired contracts
- Futures final settlement for expired contracts

If the overall amount at client level is payable, such amount will be the end - of- day consolidated crystallized obligation margin for the client. The margin on consolidated crystallized obligations will replace the net buy premium, intraday crystallized losses, assignment margin and futures final settlement margin levied currently. The margin on consolidated crystallized obligations will be released on completion of settlement.

vi. **Cross-Margining**

The cross-margining benefit across Equity Cash segment and Equity Derivatives segments is provided to all categories of market participants.

i. Positions eligible for cross-margin benefit for exact offsets:

- Index futures position and constituent stock futures position in derivatives segment
- Index futures position in derivatives segment and constituent stock position in cash
- Stock futures position in derivatives segment and the position in the corresponding underlying in cash segment

A basket of positions in index constituent stock/stock futures, which is a complete replica of the index in the ratio specified by BSE/ICCL, is eligible for cross margining benefit. The number of units is changed only in case of change in share capital of the constituent stock due to corporate action or issue of additional share capital or change in the constituents of the index.

A spread margin of 25% of the total applicable margin on the eligible offsetting positions, as mentioned above, is levied in the respective cash and derivative segments.

ii. Positions eligible for cross-margin benefit for correlated indices: Cross margin benefit shall be provided on off-setting positions in futures on equity indices pairs which satisfies the eligibility criteria. The positions in the derivatives segment for the stock futures and index futures shall be in the same expiry month to be eligible for cross margining benefit.

A spread margin of 30% of the total applicable margins on the eligible offsetting positions in futures on equity indices pairs.

iii. Computation of cross margin:

- > To avail Cross Margin Benefit it should be registered clients with ICCL and client's CM should be clearing with ICCL for both Cash and Derivatives segments
- > The positions which are eligible for offset, shall be subject to spread margins.
- > The difference in the margins on the total portfolio and on the portfolio excluding offsetting positions considered for cross margining, less the spread margins shall be considered as cross margining benefit.
- > Cross margining benefit is computed at client level on an online real time basis and provided to the trading member / clearing member / custodian, as the case may be, who, in turn, pass on the benefit to the client.
- > For institutional investors the positions in Capital market segment is considered only after confirmation by the custodian on T+1 basis and on confirmation by the clearing member in Derivatives segment.
- > While reckoning the offsetting positions in the Capital market segment, positions in respect of which margin benefit has been given on account of early pay-in of securities or funds is not be considered.
- > Positions in option contracts is not considered for cross margining benefit.

vii. Additional margin for highly volatile stocks

- > For securities with Intra-day (High -Low) price movement of more than 10% in the underlying market for 3 or more days in last one month, the minimum total margins (SPAN margins, Extreme Loss Margin and Additional margin) shall be equal to the maximum intraday price movement of the security observed in

underlying market in last one month. The same shall be continued till expiry date of derivative contracts which falls after completion of three months from date of levy.

- > For securities with Intra-day (High -Low) price movement of more than 10% in the underlying market for 10 or more days in last six months; the minimum total margins

(SPAN margins, Extreme Loss Margin and Additional margin) shall be equal to the maximum intraday price movement of the security observed in underlying market in last six months. The same shall be continued till expiry date of derivative contracts which falls after completion of one year from date of levy

viii. Updation of risk parameters

The ICCL SPAN risk management parameters are updated at:

> Beginning-of-Day

> 11:00 a.m.

> 12:30 p.m.

> 02:00 p.m.

> 03:30 p.m.

> End-of-Day

. Risk Reduction Mode

The entry and exit threshold for the Risk Reduction Mode (“RRM”) is detailed below:

- **Clearing Members:** Put in RRM at 90% collateral utilization & moved back to normal mode when utilization goes below 85%.
- **Trading Members:** Put on RRM at 90% utilization of trading limit assigned by their Clearing Members & moved back to normal mode when limit utilization goes below 85%.

x. Enforcement and Collection of Margins

Aforesaid margins are computed at a client level portfolio and grossed across all clients (including the proprietary positions of member) at the member level.

Margins are collected/adjusted upfront from the liquid assets of the Clearing Members on an on-line real time basis.

Members are required to collect initial margins, exposure margins, calendar spread margins and mark to market settlements and report details of such margins collected from their client/constituents to ICCL.

xi. Mode of payment of Margin

Clearing members shall provide for margin in any one or more of the eligible collateral modes as specified by ICCL. The margins shall be collected/adjusted from the liquid assets of the member on a real time basis.

xii. Settlement of Premium

Premium would be settled in INR and would be paid in by the buyer in cash and paid out to the seller in cash on T+1 day. Until the buyer pays in the premium, the premium due shall be deducted from the available liquid.

4. SECURITIES TRANSACTION TAX

BSE/ICCL collects the Securities Transaction Tax (STT) in Equity Derivatives Segment as per the guidelines issued by the relevant authority from time to time.

The following procedure is adopted by BSE/ICCL in respect of calculation and collection of the STT in Equity Derivatives Segment

4.1 Computation of STT

- The STT is applicable on all sell transactions for both futures contracts and option contracts and is calculated at the end of each trading day.
- The transaction subject to STT is identified based on the client code placed by the members at the time of order entry on the trading system of the Exchange and as may be modified by the member using the client code modification facility provided by the Exchange within the prescribed time. Members need to exercise extreme caution while entering the client code at the time of order entry. The sell transactions for each client code for a trading day is aggregated at contract level.
- The computation of STT value is based on (a) value of actual traded price in case of each futures trade (b) the value of premium in case of option trade and (c) in case where Option is exercised, the value on which STT is levied shall be taken as “Intrinsic Value” instead of “Settlement Price”. Intrinsic value as defined by clause (a)(ii) of section 99 of the Finance (No. 2) Act, 2019 shall be the difference between Settlement price and Strike Price.
- The contract note should specify the total securities transaction tax for the transactions mentioned therein.
- The STT rates and its applicability is based on the directives issued by the relevant authority from time to time.

Taxable Securities Transactions	Rate *	Payable by
Sale of an option in securities.	0.050%	Seller
Sale of an option in securities where option is exercised.	0.125%	Purchaser
Sale of a futures in securities.	0.01%	Seller
Purchase of an equity share settled by actual delivery or transfer of such share under physical settlement of Derivative	0.1%	Purchaser
Sale of an equity share settled by actual delivery or transfer of such share under physical settlement of Derivative	0.1%	Seller

* The rate shall be applicable on the value of the taxable securities transaction in accordance with the provisions of Section 99 of Finance (No. 2) Act, 2004.

4.2 Collection of STT

- BSE/ICCL downloads a report to the members at the end of each trading day containing information in respect of the STT liability.
- STT payable is collected from the Clearing Member and shall be the sum total of STT payable by all Trading Members clearing under him. The Trading Member's STT liability is the aggregate STT liability of his clients trading through him.
- Clearing members are required to pay the STT on T+1 day along with their settlement pay-in obligation as per the timelines stipulated by ICCL from time to time. Nonpayment of STT is treated as non-fulfillment of settlement obligations for the purpose of all consequential actions against the member.

Before interoperability the CC received trades only from one exchange, as a result of trades and position were totally attributable to only one exchange. Post Interoperability, CC receives trades from multiple exchanges (currently NSE, BSE and MSE) and as a result, the trades and positions are attributable to more than one exchange.

The CCs compute STT for clients after giving benefit of netting of trades across exchanges. As STT is paid to government by Exchanges and not the CC, CC were required to compute, collect and remit STT to Exchanges for onward payment to Government.

Furthermore, interoperability of clearing corporations shall have no impact on the incidence of STT on securities and STT at a lower rate shall continue to apply for trades / transactions settled otherwise than by delivery of shares even under the interoperable framework

5. CLEARING & SETTLEMENT

The Clearing & Settlement of trades executed on the Equity Derivatives Segment of BSE Ltd. are cleared and settled through Indian Clearing Corporation Ltd. (ICCL) as per the guidelines issued by Securities and Exchange Board of India (SEBI) and as per the provisions of Rules, Byelaws and Regulations of ICCL and BSE as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

The Clearing and Settlement is done on a multilateral netting basis as per the settlement obligations of the respective clearing members. Delivery based settlement will be applicable to all stock derivatives contracts as identified by the Exchange for physical settlement from time to time. The Clearing Members are responsible for all obligations, inter alia, including the payment of margins, penalties, any other levies, and settlement of obligations of the trades entered by them as trading members and of those trading members and custodial participants, if any, for whom they have undertaken to settle as a Clearing Member.

In case of trades executed on behalf of a Custodial Participant, the Clearing members of the said custodial participants need to confirm trades entered into on behalf of the Custodial Participants. Such trades need to be confirmed by the Clearing Members in such manner, within such time and through such facility as may be provided to Clearing Members from time to time. The trades which have been confirmed by Clearing Members will form part of the obligations of concerned Clearing Members and such Clearing Members shall be responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies, and settlement of obligations. In case of trades which have not been confirmed by Clearing Members of the Custodial Participants the same shall be considered as trades pertaining to the Trading Members entering such trades and shall form a part of the obligations of Clearing Members, who clear and settle for such Trading Members.

ICCL provides the facility for setting take-up limits at CP Code level and online real time auto take-up/confirmation of trades executed on the Equity Derivatives Segment are available in the RTRMS module.

The salient features of the said facilities in the RTRMS module are:

- CP-Clearing Members can select the option on RTRMS Screen to activate their respective CP code/s for the facility of auto takeup/confirmation of trades till 5.00 pm on any working day. Such selected CP Codes will get activated for auto take-up/confirmation on the next trading day.
- Default value of the set limit for all mapped CP Codes (Auto-take up as well as Manual Take-up mode) would be zero (0) in RTRMS. For taking up of trades up to the assigned limit, the CP-Clearing Members would be required to set specific CP Code limit or select the option of 'unlimited' for taking-up position without any set limit.

Auto Take-up process

Through the CP Code limit setting window in RTRMS, CP-Clearing Members can set limit for auto take-up of trades for each of their mapped CP Code. Accordingly, the system would accept trades for auto confirmation up to the set limit in respect of the activated CP Codes. On reaching the set limit of margin utilisation, the pending trades under such CP code would get transferred to manual take-up mode and trading limits/margin deposits of the Trading Member/Clearing Member (mapped with the Trading Member) would get utilised as per the existing process. CP-Clearing Members can on-line enhance the limit for such CP Code for re-activating the Auto take-up function for the respective CP Code. However, enhanced limit would be applicable for trades received by RTRMS after enhancement of such limit. The trades transferred to manual confirmation mode as mentioned above would be required to be taken-up manually by the CP-Clearing Members.

The trades of CP Code in auto confirmation mode would automatically get transferred under the concerned CP-Clearing Member in RTRMS module without any manual intervention subject to the abovementioned conditions.

Manual Take-up process

The process for manual take-up would remain unchanged except for setting CP Code Limit as explained above.

Once the confirmed trades appear under the CP-Clearing Member, all types of margins pertaining to such trades will be utilised from the collateral deposits of the concerned CP-Clearing Member on an on-line real time basis. However, if such CP-Clearing Member confirming (taking-up) the trades do not have sufficient un-utilised collateral, then such trades will not get confirmed and margins of the Clearing Member (mapped with the Trading member) would be utilized.

Under Interoperability, any changes on the trading interface would have resulted in a much larger impact on the market participants. Hence, the approach adopted was to keep the changes on the trading side to minimal and carry out changes on trading side only where unavoidable (e.g., Give-up/confirmation process in derivatives to be available exclusively at clearing side rather than both).

While the message standards for exchange-CC communication were standardized to FIX Protocol, the data structures themselves were not standardized and exchanges could use their own security/contract specifications, have different lengths for data fields etc. ICCL put in place, necessary mechanisms. to receive and suitably translate data received from multiple exchanges.

5.1 Settlement Schedule

Each CC follows its native settlement number convention. Pre-interoperability the securities pool accounts of members were associated with respective CC. They were required to use the settlement number of respective CCs for settlement with their trading members and clients.

Post interoperability there is a possibility of trading member having its pool account of one CC (say MCCIL) getting associated with clearing member of another CC (say ICCL). In such scenario the trading or clearing member would need information of mapping between settlement numbers of the two CCs to effect movement of securities between such pool accounts tagged to different CCs. CCs agreed to provide information of mapping of settlement number to market participants.

Further, it was agreed that the settlement calendar, holidays, and timelines shall be common for all interoperable CCs.

The Settlement Schedule for Equity Derivatives Segment shall be as under 5.1.1

Settlement Period

The pay-in and pay-out of daily mark to market settlements, premium settlement, final settlement of futures contracts and final exercise settlements of options contracts shall take effect in accordance with the settlement schedule issued by ICCL updated periodically.

All open stock futures contracts as identified by the Exchange for physical settlement from time to time will result in delivery obligations on the contract expiry day. All open stock options contracts identified by the Exchange for physical settlement from time to time and exercised by the buyer (as per the process to be notified shortly by the Exchange/ICCL), will result in delivery obligations (physical settlement) on the contract expiry day (E-day). Exercise timings will be from 4.15 pm to 5.00 pm (or as may be announced by ICCL from time to time) on the expiry day.

5.1.2. Daily settlement

The daily mark-to-market settlement and premium settlement of equity derivatives contracts would be cash settled on T+0-day basis i.e., before start of trading on the next day as per the timelines specified by ICCL.

5.1.3 Changes in Settlement procedure

Prior to interoperability, CCs were involved in pay-in of funds and securities followed by pay-out of funds and securities between CC and its clearing member. There were no inter-CC settlements. Post interoperability the sequence of settlement has changed as follows:

1. Pay-in of funds and securities by clearing members to respective CCs.
2. Pay-in of funds and securities by CCs to the DvP agent.
3. Pay-out of funds and securities by the DvP agent to the CC.
4. Pay-out of funds and securities by the CCs to respective clearing members.

5.1.3 Pay-in & Pay-out of Funds and Securities - On the contract expiry day for futures and options contracts ("E Day"), the final settlement obligation will be computed and settled at a clearing member

level after netting the obligations of all clients/trading members clearing through the respective clearing member.

Settlement day: On E + 2 day, the clearing member will settle the obligations akin to the process which is currently being followed in the equity cash segment as per the settlement schedule issued by ICCL periodically.

The Pay-in of funds: On the settlement (or E+2) day will be effected by 2:00 pm. The pay-in and pay-out of funds to be processed through the existing funds settlement account of Equity Derivatives Segment.

The physical settlement of stock derivatives will be done in dematerialized form through the depositories viz NSDL and CDSL. The Clearing member delivering the stocks will be required to initiate the transfer of stocks to the respective depository's pool accounts within the cut-off time as stipulated by the depositories akin to the process followed in the equity cash segment.

Existing equity cash segment's demat accounts can be used for settlement of securities in derivatives segment. A separate settlement type to be used for these settlements.

In case of delivery shortages, an auction/close-out process similar to that for the equity segment at present will be followed.

For settlement through custodians the Give-up/Take-up entries done by the members during the give-up/take-up session in the Equity derivatives segment will be considered for generating obligations.

5.1.3. Auto Delivery Out (DO) Facility

A facility shall be provided to clearing members wherein Delivery-out instructions for moving securities from CM Pool Account to CM Delivery Account will be generated automatically based on the net delivery obligations of the CM for effecting pay-in through NSDL/CDSL. The instructions would be released on E+1 day (EOD) and the securities in CM's pool account will be marked for pay-in. CM's having the facility in Equity cash segment can avail the facility of Auto DO for physical settlement in Equity derivatives segment

5.1.4 Final settlement in Equity futures and Equity option contracts

Final settlement for futures: All outstanding positions identified for physical settlement on the contract expiry date will be settled by delivery of the underlying stock at the final settlement price of the respective contract. (Difference between previous day price and final settlement price on the expiry day will be cash settled along with daily Mark to Market (MTM) on T+1 Day as presently done)

Final settlement for options: All outstanding positions identified as aforesaid for physical settlement on the contract expiry date will be settled by delivery of the underlying stock at the respective strike prices.

5.2 Settlement Price

Implementation of interoperability entails appointment of a coordinating CC for computation of daily and final settlement prices as a neutral agent. It also requires adoption of additional practices in clearing and settlement functions.

Prior to interoperability the CC settled open positions bases on close prices of parent exchange. Post Interoperable CCs shall appoint one of the interoperable CCs among themselves as a coordinating CC to publish the various standard prices to be made applicable for each product of every exchange available under interoperability. The coordinating CC needs to be appointed since even with identical methodology, there may be rounding difference in pricing that may result in mismatch of inter-CC obligations as calculated by the different CCs.

The coordinating CC may be chosen on a rotation basis, and shall compute settlement prices as specified below:

5.2.1 Daily Settlement Price

- Index Derivatives: Close price of index derivative contract of respective exchange if traded, else theoretical price based on index close price on respective exchange (since currently derivatives contracts on any underlying index is traded only on one of the exchanges).
- Stock derivatives: Volume Weighted Average Price (VWAP) of all exchanges, if traded on any of the exchanges in the last 30 minutes, else theoretical price, using settlement price in cash segment.

The theoretical daily settlement price for unexpired futures contracts, which are not traded during the last half an hour on a day, shall be the price computed as per the formula detailed below.

Theoretical futures price calculation model for Equity Futures

The theoretical price of an Equity futures contract shall be computed as per the following formula

$$F = S * e^{rt}$$

Where,

F = theoretical futures price

S = value of the underlying index/individual security

r = rate of interest (MIBOR)

t = time to expiration

Rate of interest may be the relevant MIBOR rate, or such other rate as may be specified.

5.2.2 Daily Premium settlement for option contracts

The premium payable value or receivable value of clearing members in respect of option contracts is computed after netting the premium payable or receivable positions at trading member level, for each option contract, at the end of each trading day.

5.2.3 Exercise settlement style for option contracts

In-The-Money Contracts

Exercise style of index option contracts of option contracts on individual securities shall be European style wherein all in-the-money contracts shall get automatically exercised/assigned on the expiry day. All in-the-money option contracts shall be exercised on the last trading day of an option contract.

The open positions of index option contracts and option on individual securities contracts shall cease to exist after its expiration day.

Stock Option Contracts

On the expiry day, buyer of option can indicate a choice not to exercise In-the-money open long positions only on Stock Option contracts.

On day of the expiry, a file EX_POTM_<CLG.NO.>_YYYYMMDD.CSV/ EX_POCM_<CLG.NO.>_YYYYMMDD.CSV containing long open positions on 'Close-To-The-Money' options contracts would be provided to the member.

Close-To-Money (CTM) options contract shall be identified as under -

Three ITM option series having strike prices immediately higher than final settlement price (for put options) and three ITM option series having strike prices immediately lower than final settlement price (for call options) shall be referred to as CTM option contracts.

Trading Members would be provided file EX_POTM_<CLG.NO.>_YYYYMMDD.CSV for their own and client level positions and Clearing Members would be provided EX_POCM_<CLG.NO.>_YYYYMMDD.CSV file containing their CP- code level positions. Members desirous of not exercising the option shall be required to submit "Do not Exercise" (i.e., to mention "N" against the positions in the file) instructions against each client-wise long position on the CTM contracts within stipulated session timings.

During the option exercise window, member can upload the file multiple times (file should contain cumulative records) and every record shall be responded with "Response file" and system shall consider the latest file uploaded by the members within the stipulated time. If a member opts not to exercise a long position in a CTM contract, such position shall expire unexercised and lapse.

If a member does not provide any response within the cut-off time or if the information provided by the member is incomplete or not valid, then as per existing procedure such long positions shall be automatically exercised.

All other open long positions on ITM options contracts other than CTM options contracts shall be automatically exercised.

Such auto-exercised positions would be randomly assigned to the options writers/sellers.

List and nomenclature of files for the above exercise mechanism is as below. Detailed file formats may be accessed through ICCL's circular dated 11th April 2022, circular number 20220411-32

Sr. No.	File Type	File Name	Remarks
1	Option Exercise File	EX_POTM_<CLG.NO.>_YYYYMMDD.csv	Trading Member File
		EX_POCM_<CLG.NO.>_YYYYMMDD.csv	Clearing Member File
2	Member Upload File	EX_POTM_<CLG.NO.>_YYYYMMDD.mnn	Trading Member File
		EX_POCM_<CLG.NO.>_YYYYMMDD.mnn	Clearing Member File
3	Response File To Member	RES_POTM_<CLG.NO.>_YYYYMMDD.mnn	Trading Member File
		RES_POCM_<CLG.NO.>_YYYYMMDD.mnn	Clearing Member File

5.2.4 • Final Settlement price

- Index Derivatives:
Underlying index closing price in respective exchange (since currently derivatives contracts on any underlying index is traded only on one of the exchanges)
- Stock derivatives - Settlement Price: Volume Weighted Average Price (VWAP) of the Close Price of all exchanges
 - Low price: lowest of the low price across all exchanges
 - High Price: highest of the high price across all exchanges

5.3.1 Settlement Process

The settlement process in Equity Derivatives segment shall be as under

T+1 Settlement:

The pay-in and pay-out of daily mark to market settlements and final settlement in respect of in futures and option contracts shall be cash settled and in accordance with the settlement schedule issued by ICCL periodically through the clearing accounts of Clearing Members with the designated Clearing Bank. The members should maintain clear balance of funds in their settlement account with their designated clearing bank towards their funds pay-in obligation at the scheduled pay-in time on the settlement day.

T+0 Settlement:

Clearing members who opt to pay the daily Mark to Market (MTM) settlement on a T+0 basis shall compute the MTM settlement amount and make the amount of funds available in their settlement account with their designated bank before the end of day on T+0 day. Further, any partial payment of daily MTM settlement amount shall be considered as non-payment of daily MTM settlement on a T+0 basis and all consequential action as applicable in case of T+1 payment violations will be applicable and the benefit of scaled down margins shall not be available.

5.3.2 Early Pay-in of Funds & Securities

Early Pay-in of Funds

Members intending to avail delivery margin exemption on their buy positions in Equity derivatives segment can do so by effecting Early Pay-in of Funds.

Clearing Members/Custodians can make entry for early pay-in of funds through a screen based request in ICCL Collateral Module under the existing menu of EPF for Equity derivatives segment. Upon clearing banks confirmation for the respective entry, early pay-in benefit will be provided.

Clearing Members can additionally effect early pay-in of funds transactions at client level by uploading EPF file on extranet module along with screen based cash entry request in ICCL Collateral Module for early pay-in of funds benefit. (Refer Annexure II for File format)

Early Pay-in of Securities (EPN)

Members intending to avail delivery margin exemption on their securities delivery positions in Equity derivatives segment can do so by effecting early pay-in of securities sold by them through either of the two depositories viz: CDSL or NSDL.

For Early pay-in of securities through CDSL depository, clearing members will be required to transfer the securities in the specific CDSL early payin account, as is being done in case of equity cash segment.

For Early pay-in of securities through NSDL depository, clearing members will be

required to give Irreversible Delivery Out instruction (IDO) instruction in their DP with appropriate details about the security, ISIN, Quantity, and the Settlement number, as is being done in case of equity cash segment.

Clearing Members can additionally effect early pay-in of securities at client level by uploading EPN file on extranet module (Refer Annexure II for File format)

Direct pay-out to Client Depository Account

Facility of direct transfer of the pay-out securities to the clients' beneficiary owner account with the depositories will also be available.

For this, the concerned members will be required to upload a client wise break-up file for a particular settlement type and settlement number on the member extranet portal by 10:30 am. (Refer Annexure II for File format)

Based on the details provided in the said uploaded file by the members to ICCL, the payout of demat securities will be released in the demat account of the respective clients.

Securities pay-out to preferred depository

Facility shall be provided to clearing members for receiving pay-out in their respective preferred depository. The process and reception shall be the same as that of the Equity cash segment.

Auction and Close-out of securities settlement shortages

The auction / close-out will be conducted as per the auction/ close-out schedule declared from time to time.

Auction for settlement shortages will be conducted separately under a separate market type as per the settlement schedule stipulated by ICCL.

In cases of the securities not available in the auction or in case where members fail to deliver securities offered in auction, the same will be closed out

Pre-interoperability CC conducted auction of securities in parent exchange only. However, post interoperability since all the securities may not be available for trading on parent exchange, the CC are required to conduct auction of an exclusive security on such exchange. CCs agreed to facilitate conducting auction in exclusively securities. The Local CC of the exchange acts as an intermediary for passing of request of auction from one CC to its parent exchange. Once Auction is conducted, the parent exchange provides auction details and trades to its local CC to pass on the same to the requesting CC. The obligation generation and settlement including inter CC settlement follow the same procedure as in normal market of cash segment.

There will be no automatic close-out applicable to the interoperable CCs. Position
Close-out

In order to bring in uniformity across all exchanges to facilitate CCs in closing out positions of a clearing member in case of default and also to facilitate clearing member in closing out positions of a trading member in case of default, it was agreed by all exchanges to enable order entry mechanism on

exchanges for CCs and clearing members as per the mutually agreed operational procedure for the same.

5.4 Clearing Bank

Every clearing member shall maintain and operate a separate and distinct settlement account for the Equity Derivatives Segment with any one of the designated Clearing Banks. The settlement account shall be used exclusively for clearing operations i.e., for settling funds obligation, payment of margins, penal charges, etc. as may be specified by ICCL from time to time. The list of Clearing Banks currently available for settlement is provided in Annexure – XIV.

5.4.1 Operation of settlement Account

Clearing members shall irrevocably authorise their designated clearing bank to access their settlement accounts for debiting and crediting their settlement accounts as per the instructions of ICCL, reporting of balances and other information as may be required by ICCL from time to time.

Clearing Members shall maintain clear balance of funds in their settlement account with their designated clearing bank towards their funds obligation/s to ICCL.

Clearing members shall not seek to close or de-activate the settlement accounts without the prior written consent of ICCL.

The Clearing Banks shall debit/credit the settlement accounts of Clearing Members as per instructions received by them from ICCL from time to time. Any request from the Clearing Members for revoking the authorisation furnished by them shall not be considered by the Clearing Banks. The Clearing Banks shall not close the settlement accounts or permit deactivation of the same without the prior written consent of ICCL.

5.4.2 Procedure for change in designated Clearing Bank

In case a Clearing Member wishes to shift their settlement account from one designated Clearing Bank to another, the following procedure shall be followed

1. The Clearing Member shall submit their request letters (on their letterhead) of their intent to shift their settlement account from one designated Clearing Bank to another, to ICCL as per the format enclosed as Annexure - XV
2. On receipt of such application from the Clearing Members for change in their designated bank, at least a week will be required to complete the formalities for changing the designated clearing bank.
3. As soon as the formalities are completed, ICCL will intimate the member in writing the date from which they can start their clearing and settlement operations from new designated

Clearing Bank. However, till such time, ICCL will continue to debit /credit the member's existing clearing bank account.

6. SETTLEMENT OBLIGATIONS

6.1 Settlement of Deals

Deals executed on the Equity Derivatives segment of BSE, shall be cleared on a netted basis, by ICCL.

It shall be the responsibility of the clearing members with regard to all the obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations of the trades entered by them as trading members and also of those trading members and custodial participants, if any, for whom they have undertaken to settle as a clearing member.

Where the clearing member is not a trading member of the Exchange then the trades of those trading members and custodial participants of the Exchange for whom the clearing member has undertaken to settle shall be considered for determining the obligations as a clearing member.

6.2 Custodial Participant

Custodial participants are those constituents who are eligible for trading through trading members and who clear and settle deals through clearing members. Such custodial participants shall register themselves with ICCL through their clearing members.

6.3 Confirmation of trades entered by custodial participants

Clearing members of the custodial participants shall confirm trades entered into on behalf of the custodial participants. Such trades shall be confirmed by the clearing members in such manner, within such time and through such facility as may be provided to clearing members from time to time. Such confirmation shall be carried out within such time as may be specified by BSE/ICCL from time to time where such trades have been entered. All such trades which have been confirmed by clearing members shall form part of the obligations of clearing members concerned and such clearing members shall be responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies, and settlement of obligations. Trades which have not been confirmed by clearing members of the custodial participants shall be considered as trades pertaining to the trading members entering such trades and shall form a part of the obligations of clearing members, who clear and settle for such trading members.

7. FOREIGN PORTFOLIO INVESTORS (FPIs) AND MUTUAL FUNDS (MF)

Product	FPI Category I	FPI Category II (other than individuals, family offices and corporates)	FPI Category II (individuals, family offices and corporates)
Index Futures	Higher of. Rs.500 crores Or 15 % of the total open interest of the market in index futures	Higher of. Rs.300 crores Or 10 % of the total open interest of the market in index	Higher of. Rs.100 crores Or 5 % of the total open interest of the market in index futures
Index Options	Higher of. Rs.500 crores Or 15 % of the total open interest of the market in index futures	Higher of. Rs.300 crores Or 10 % of the total open interest of the market in index	Higher of. Rs.100 crores Or 5 % of the total open interest of the market in index futures
Additional Limits for Index derivatives*	Short positions in index derivatives (short futures, short calls and long puts) not exceeding (in notional value) the FPI Category (I) holding of stocks. Long positions in index derivatives (long futures, long calls and short puts) not exceeding (in notional value) the FPI Category (I) holding of cash, government securities, T-Bills, and similar instruments.	Not Applicable	Not Applicable
Stock Derivatives per Exchange	20% of the applicable Market Wide Position Limit per Exchange	10% of the applicable Market Wide Position Limit	5% of the applicable Market Wide Position Limit per Exchange

* If the open position of an FPI Category (I) exceeds the index futures or options limits, such surplus would be deemed to comprise of short and long positions in the same proportion of the total open

positions individually. Such short and long positions in excess of the said limits shall be compared with the FPI Category (I) holding in stocks, cash etc.

7.1 Additional exposure in equity index derivatives

In addition to the above limits, in index futures and options, Category I & II FPIs /MFs shall take exposure in equity index derivatives subject to the following limits

- a. Short positions in index derivatives (short futures, short calls and long puts) not exceeding (in notional value) the Category I & II FPIs/MFs holding of stocks.
- b. Long positions in index derivatives (long futures, long calls and short puts) not exceeding (in notional value) the Category I & II FPIs/MFs holding of cash, government securities, T-Bills, money market mutual funds and gilt funds and similar instruments.

8. Equity Derivative Position Limit¹

1. INDEX FUTURES

i. Position Limits

- Market Level - There are no market wide position limits specified for index futures contracts.

Client Level/ NRI/Sub Accounts

A self-disclosure requirement similar to that in the take-over regulations is prescribed as under:
Any person or persons acting in concert who together own 15% or more of the open interest shall be required to report this fact to the exchange and failure to do so shall attract a penalty as laid down by the exchange/ Clearing Corporation/ SEBI.

Trading Member/FII/Mutual Fund

The trading member/ FII/ mutual fund position limits in equity index futures contracts shall be higher of:
Rs.500 Crore

or

15% of the total open interest in the market in equity index futures contracts.

This limit would be applicable on open positions in all futures contracts on a particular underlying index.

d. Position limits available to FPIs for stock index derivative contracts -

i. The position limit in index for Category I FPIs will remain at INR 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per exchange.

ii. The position limit in index derivative for Cat. II FPI shall be as under:

- Higher of INR 300 crore or 10% of open interest for cat II FPIs (other than individuals, family offices and corporates).
- Higher of INR 100 crore or 5% of open interest for Cat II FPIs under subcategory of Individuals, family offices, corporates.

The above limits shall be separately applicable for equity index futures and equity index options as per the current mechanism for all categories of FPIs.

¹ <https://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20191113-17>

ii. Monitoring of Position Limit

a. NRI

The Exchange shall monitor the NRI position limits. The NRI would be required to notify the names of the Clearing Member/s through whom it would clear its derivative trades to the Exchange. The Exchange would then assign a unique client code to the NRI. The Exchange shall monitor the NRI position limits in the manner similar to that specified for FIIs and subaccounts.

b. FII /Sub Accounts

The FII shall report to the Clearing Member (Custodian) the extent of FII's holding of stocks, cash, government securities, T-Bills, and similar instruments before the end of the day. The Clearing Member (Custodian) in turn shall report the same to the Exchange.

The Exchange shall then monitor the FII and sub accounts position limits in equity index derivative contracts in the manner specified below:

- The FII would be required to notify the names of the Clearing Member/s and Custodian through whom it would clear its derivative trades to exchanges and their Clearing House / Clearing Corporation.
- A unique code would be assigned by the exchanges and / or the Clearing House/Clearing Corporation to each registered FII intending to trade in derivative contracts.
- The FII would be required to confirm all its positions and the positions of all its sub-accounts to the designated Clearing Members online but before the end of each trading day.
- The designated Clearing Member/s would at the end of each trading day submit the details of all the confirmed FII trades to the derivative Segment of the exchange and their Clearing House / Clearing Corporation.
- The exchanges and their Clearing House / Clearing Corporation would then compute the total FII trading exposure and would monitor the position limits at the end of each trading day. The cumulative FII position may be disclosed to the market on a T + 1 basis, before the commencement of trading on the next day.
- In the event of an FII breaching the position limits on any derivative contract on an underlying, the FII would not be permitted by the exchanges and their Clearing House / Clearing Corporation / Clearing Member/s to take any fresh positions in any derivative contracts in that underlying. However, they would be permitted to execute off-setting transactions so as to reduce their open position.
- The FIIs while trading for each sub-account would also assign a unique client code with a prefix or suffix of the code assigned by the exchange and their Clearing House / Clearing Corporation to the FII. The FII would be required to enter the unique sub-account code before executing a trade on behalf of the sub-account.

The sub-account position limits would be monitored by the FII itself, on the same lines as the trading member monitors the position limits of its client / customer. The FIIs would report any breach on position limits by the sub-account, to the derivative segment of the exchange and their Clearing House / Clearing Corporation and the FII / Custodian / Clearing Member/s would ensure that the sub-account does not

take any fresh positions in any derivative contracts in that underlying. However, the sub-account would be permitted to execute off-setting transactions so as to reduce its open position.

The exchanges may assign unique sub-account codes on the lines of unique client codes to each sub-account of a FII, which would enable the derivative segment of the exchange and their Clearing House/Clearing Corporation to monitor the position limits specified for sub-accounts. The position limits would be computed on a gross basis at the level of a FII and on a net basis at the level of sub-accounts and proprietary positions. The open position for all derivative contracts would be valued as the open interest multiplied with the closing price of the respective underlying in the cash market.

c. Mutual Funds

The Mutual Fund shall notify the names of the Clearing Member/s for each scheme through whom it would clear its derivative contracts to the Stock Exchange. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund. The Stock Exchange shall monitor the scheme wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts as mentioned above. The Mutual Funds will be considered as trading members like registered FIIs, and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs.

2. INDEX OPTION

i. Position Limits

a. Market Level

There are no market wide position limits specified for index option contracts.

b. Customer Level/ NRI/Sub Accounts

A self-disclosure requirement similar to that in the take-over regulations is prescribed as under:
Any person or persons acting in concert who together own 15% or more of the open interest shall be required to report this fact to the exchange and failure to do so shall attract a penalty as laid down by the exchange/ Clearing Corporation/ SEBI.

c. Trading Member/FII/Mutual Fund

The trading member/ FII/ mutual fund position limits in equity index option contracts shall be higher of Rs.500 Crore.

or

15% of the total open interest in the market in equity index option contracts.

This limit would be applicable on open positions in all option contracts on a particular underlying index.

d. Position limits available to FPIs for stock index derivative contracts

i. The position limit in index for Category I FPIs will remain at INR 500 crore or 15% of the total open interest of the market in index option, whichever is higher, per exchange.

ii. The position limit in index derivative for Cat. II FPI shall be as under:

- Higher of INR 300 crore or 10% of open interest for cat II FPIs (other than individuals, family offices and corporates).
- Higher of INR 100 crore or 5% of open interest for Cat II FPIs under subcategory of Individuals, family offices, corporates.

The above limits shall be separately applicable for equity index futures and equity index options as per the current mechanism for all categories of FPIs.

ii. Monitoring of Position Limits

a. NRI

The Exchange shall monitor the NRI position limits. The NRI would be required to notify the names of the Clearing Member/s through whom it would clear its derivative trades to the Exchange. The Exchange would then assign a unique client code to the NRI. The Exchange shall monitor the NRI position limits in the manner similar to that specified for FIIs and subaccounts.

b. FII /Sub Accounts

The FII shall report to the Clearing Member (Custodian) the extent of FII's holding of stocks, cash, government securities, T-Bills, and similar instruments before the end of the day. The Clearing Member (Custodian) in turn shall report the same to the Exchange.

The Exchange shall then monitor the FII and sub accounts position limits in equity index derivative contracts in the manner specified below:

- The FII would be required to notify the names of the Clearing Member/s and Custodian through whom it would clear its derivative trades to exchanges and their Clearing House / Clearing Corporation.
- A unique code would be assigned by the exchanges and / or the Clearing House/Clearing Corporation to each registered FII intending to trade in derivative contracts.
- The FII would be required to confirm all its positions and the positions of all its sub-accounts to the designated Clearing Members online but before the end of each trading day.
- The designated Clearing Member/s would at the end of each trading day submit the details of all the confirmed FII trades to the derivative Segment of the exchange and their Clearing House / Clearing Corporation.
- The exchanges and their Clearing House / Clearing Corporation would then compute the total FII trading exposure and would monitor the position limits at the end of each trading day. The cumulative FII position may be disclosed to the market on a T + 1 basis, before the commencement of trading on the next day.

- In the event of an FII breaching the position limits on any derivative contract on an underlying, the FII would not be permitted by the exchanges and their Clearing House / Clearing Corporation / Clearing Member/s to take any fresh positions in any derivative contracts in that underlying. However, they would be permitted to execute off-setting transactions so as to reduce their open position.
- The FIIs while trading for each sub-account would also assign a unique client code with a prefix or suffix of the code assigned by the exchange and their Clearing House / Clearing Corporation to the FII. The FII would be required to enter the unique sub-account code before executing a trade on behalf of the sub-account.

The sub-account position limits would be monitored by the FII itself, on the same lines as the trading member monitors the position limits of its client / customer. The FIIs would report any breach on position limits by the sub-account, to the derivative segment of the exchange and their Clearing House / Clearing Corporation and the FII / Custodian / Clearing Member/s would ensure that the sub-account does not take any fresh positions in any derivative contracts in that underlying. However, the sub-account would be permitted to execute off-setting transactions so as to reduce its open position.

The exchanges may assign unique sub-account codes on the lines of unique client codes to each sub-account of a FII, which would enable the derivative segment of the exchange and their Clearing House/Clearing Corporation to monitor the position limits specified for sub-accounts.

The position limits would be computed on a gross basis at the level of a FII and on a net basis at the level of sub-accounts and proprietary positions.

The open position for all derivative contracts would be valued as the open interest multiplied with the closing price of the respective underlying in the cash market.

c. Mutual Funds

The Mutual Fund shall notify the names of the Clearing Member/s for each scheme through whom it would clear its derivative contracts to the Stock Exchange. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund. The Stock Exchange shall monitor the scheme wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts as mentioned above. The Mutual Funds will be considered as trading members like registered FIIs, and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs.

9. STOCK FUTURES POSITION LIMITS

i. Position Limits

a. Market Level

- The market wide position limit for single stock futures and stock option contracts shall be linked to the free float market capitalization and shall be equal to 20% of the number of shares held by non-promoters in the relevant underlying security (i.e., free float holding). This limit would be applicable on aggregate open positions in all futures and all option contracts on a particular underlying stock.

The Clearing Corporation shall specify the trading member-wise position limits on the last trading day of the month which shall be reckoned for this purpose during the next month.

The Exchange is advised to enforce the market wide limits through administrative measures, in the manner detailed below:

In the event MWPL utilization in a security crosses 95%, derivative contracts enter into a ban period, wherein, all clients / trading members are required to trade in the derivative contracts of said scrips only to decrease their positions through offsetting positions. Any increase in open positions would attract appropriate penal and/or disciplinary action of the stock exchanges / clearing corporations.

Accordingly, stock exchanges / clearing corporations shall put in place effective mechanism to monitor whether the market wide open interest for scrips meeting the aforesaid criteria exceeds 95% of the reduced market wide position limit as arrived at above. Further, the stock exchanges / clearing corporations shall check on an intraday basis (monitoring of Peak intraday OI or Periodic intraday monitoring of OI) whether any member or client has exceeded his existing positions or has created a new position in the scrips in the new ban period.

The normal trading in the scrip shall be resumed after the open outstanding position comes down to 80% or below of the market wide position limit.

b. Customer Level/ NRI/Sub Accounts - The gross open position across all derivative contracts on a particular underlying stock should not exceed the higher of:

1% of the free float market capitalization (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

Client level position limits security-wise, are made available to members on the ICCL website.

- These position limits would be applicable on the combined position in all derivative contracts on an underlying stock at an exchange.
- This requirement may not be monitored by the exchange on a real time basis, but if during any investigation or otherwise, any violation is proved, penalties can be levied.

- c. **Stock Brokers/ FPIs (Category I)/ Mutual Funds for stock derivatives contracts:** The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).
- d. FPIs (Category II- other than FPIs in sub-category individuals, family offices, corporates) for stock derivatives contracts:
 - *The combined futures and options position limit shall be 10% of the applicable Market Wide Position Limit (MWPL).*
 - *Position limits for individuals, family offices, and corporates shall be 5% of MWPL.*
- e. FPIs (Category II- FPIs in sub-category individuals, family offices, corporates) for stock derivatives contracts
- f. The combined futures and options position limit shall be 5% of the applicable Market Wide Position Limit (MWPL).
- g. Position limits for individuals, family offices, and corporates shall be 5% of MWPL.

ii. Monitoring of Position Limits:

- a. **NRI** - The Exchange shall monitor the NRI position limits. The NRI would be required to notify the names of the Clearing Member/s through whom it would clear its derivative trades to the Exchange. The Exchange would then assign a unique client code to the NRI. The Exchange shall monitor the NRI position limits in the manner similar to that specified for FIIs and subaccounts.
- b. **FII /Sub Accounts** - The FII shall report to the Clearing Member (Custodian) the extent of FII's holding of stocks, cash, government securities, T-Bills, and similar instruments before the end of the day. The Clearing Member (Custodian) in turn shall report the same to the Exchange.

The Exchange shall then monitor the FII and sub accounts position limits in equity index derivative contracts in the manner specified below:

- The FII would be required to notify the names of the Clearing Member/s and Custodian through whom it would clear its derivative trades to exchanges and their Clearing House / Clearing Corporation.
- A unique code would be assigned by the exchanges and / or the Clearing House/Clearing Corporation to each registered FII intending to trade in derivative contracts.
- The FII would be required to confirm all its positions and the positions of all its sub-accounts to the designated Clearing Members online but before the end of each trading day.
- The designated Clearing Member/s would at the end of each trading day submit the details of all the confirmed FII trades to the derivative Segment of the exchange and their Clearing House / Clearing Corporation.

- The exchanges and their Clearing House / Clearing Corporation would then compute the total FII trading exposure and would monitor the position limits at the end of each trading day. The cumulative FII position may be disclosed to the market on a T + 1 basis, before the commencement of trading on the next day.
- In the event of an FII breaching the position limits on any derivative contract on an underlying, the FII would not be permitted by the exchanges and their Clearing House / Clearing Corporation / Clearing Member/s to take any fresh positions in any derivative contracts in that underlying. However, they would be permitted to execute off-setting transactions so as to reduce their open position.
- The FIIs while trading for each sub-account would also assign a unique client code with a prefix or suffix of the code assigned by the exchange and their Clearing House / Clearing Corporation to the FII. The FII would be required to enter the unique sub-account code before executing a trade on behalf of the sub-account.

The sub-account position limits would be monitored by the FII itself, on the same lines as the trading member monitors the position limits of its client / customer. The FIIs would report any breach on position limits by the sub-account, to the derivative segment of the exchange and their Clearing House / Clearing Corporation and the FII / Custodian / Clearing Member/s would ensure that the sub-account does not take any fresh positions in any derivative contracts in that underlying. However, the sub-account would be permitted to execute off-setting transactions so as to reduce its open position.

The exchanges may assign unique sub-account codes on the lines of unique client codes to each sub-account of a FII, which would enable the derivative segment of the exchange and their Clearing House/Clearing Corporation to monitor the position limits specified for sub-accounts. The position limits would be computed on a gross basis at the level of a FII and on a net basis at the level of sub-accounts and proprietary positions.

The open position for all derivative contracts would be valued as the open interest multiplied with the closing price of the respective underlying in the cash market.

c. Mutual Funds

The Mutual Fund shall notify the names of the Clearing Member/s for each scheme through whom it would clear its derivative contracts to the Stock Exchange. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund. The Stock Exchange shall monitor the scheme-wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts as mentioned above. The Mutual Funds will be considered as trading members like registered FIIs, and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs.

10. STOCK OPTIONS

i. Position Limits

a. Market Level

The market wide position limit for single stock futures and stock option contracts shall be linked to the free float market capitalization and shall be equal to 20% of the number of shares held by non-promoters in the relevant underlying security (i.e., free float holding). This limit would be applicable on aggregate open positions in all futures and all option contracts on a particular underlying stock.

The Clearing Corporation shall specify the trading member-wise position limits on the last trading day of the month which shall be reckoned for this purpose during the next month.

The Exchange is advised to enforce the market wide limits through administrative measures, in the manner detailed below:

- In the event MWPL utilization in a security crosses 95%, derivative contracts enter into a ban period, wherein, all clients / trading members are required to trade in the derivative contracts of said scrips only to decrease their positions through offsetting positions. Any increase in open positions would attract appropriate penal and/or disciplinary action of the stock exchanges / clearing corporations.
- Accordingly, stock exchanges / clearing corporations shall put in place effective mechanism to monitor whether the market wide open interest for scrips meeting the aforesaid criteria exceeds 95% of the reduced market wide position limit as arrived at above. Further, the stock exchanges / clearing corporations shall check on an intraday basis (monitoring of Peak intraday OI or Periodic intraday monitoring of OI) whether any member or client has exceeded his existing positions or has created a new position in the scrips in the new ban period.
- The normal trading in the scrip shall be resumed after the open outstanding position comes down to 80% or below of the market wide position limit.

a. Customer Level/ NRI/Sub Accounts

- The gross open position across all derivative contracts on a particular underlying stock should not exceed the higher of:

1% of the free float market capitalization (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

Client level position limits security-wise, are made available to members on the ICCL website.

- These position limits would be applicable on the combined position in all derivative contracts on an underlying stock at an exchange.
- This requirement may not be monitored by the exchange on a real time basis, but if during any investigation or otherwise, any violation is proved, penalties can be levied.

c. Stock Brokers / FPIs (Category I) / Mutual Funds for stock derivatives contracts

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

d. FPIs (Category II- other than FPIs in sub-category individuals, family offices, corporates) for stock derivatives contracts

The combined futures and options position limit shall be 10% of the applicable Market Wide Position Limit (MWPL).

Position limits for individuals, family offices, and corporates shall be 5% of MWPL.

d. Stock Brokers / FPIs (Category II- FPIs in sub-category individuals, family offices, corporates) for stock derivatives contracts:

The combined futures and options position limit shall be 5% of the applicable Market Wide Position Limit (MWPL).

Position limits for individuals, family offices, and corporates shall be 5% of MWPL.

ii. Monitoring of Position Limits

a. NRI

The Exchange shall monitor the NRI position limits. The NRI would be required to notify the names of the Clearing Member/s through whom it would clear its derivative trades to the Exchange. The Exchange would then assign a unique client code to the NRI. The Exchange shall monitor the NRI position limits in the manner similar to that specified for FIIs and subaccounts.

b. FII /Sub Accounts

The FII shall report to the Clearing Member (Custodian) the extent of FII's holding of stocks, cash, government securities, T-Bills, and similar instruments before the end of the day. The Clearing Member (Custodian) in turn shall report the same to the Exchange.

The Exchange shall then monitor the FII and sub accounts position limits in equity index derivative contracts in the manner specified below:

- The FII would be required to notify the names of the Clearing Member/s and Custodian through whom it would clear its derivative trades to exchanges and their Clearing House / Clearing Corporation.
- A unique code would be assigned by the exchanges and / or the Clearing House/Clearing Corporation to each registered FII intending to trade in derivative contracts.

- The FII would be required to confirm all its positions and the positions of all its sub-accounts to the designated Clearing Members online but before the end of each trading day.
- The designated Clearing Member/s would at the end of each trading day submit the details of all the confirmed FII trades to the derivative Segment of the exchange and their Clearing House / Clearing Corporation.
- The exchanges and their Clearing House / Clearing Corporation would then compute the total FII trading exposure and would monitor the position limits at the end of each trading day. The cumulative FII position may be disclosed to the market on a T + 1 basis, before the commencement of trading on the next day.
- In the event of an FII breaching the position limits on any derivative contract on an underlying, the FII would not be permitted by the exchanges and their Clearing House / Clearing Corporation / Clearing Member/s to take any fresh positions in any derivative contracts in that underlying. However, they would be permitted to execute off-setting transactions so as to reduce their open position.
- The FIIs while trading for each sub-account would also assign a unique client code with a prefix or suffix of the code assigned by the exchange and their Clearing House / Clearing Corporation to the FII. The FII would be required to enter the unique sub-account code before executing a trade on behalf of the sub-account.

The sub-account position limits would be monitored by the FII itself, on the same lines as the trading member monitors the position limits of its client / customer. The FIIs would report any breach on position limits by the sub-account, to the derivative segment of the exchange and their Clearing House / Clearing Corporation and the FII / Custodian / Clearing Member/s would ensure that the sub-account does not take any fresh positions in any derivative contracts in that underlying. However, the sub-account would be permitted to execute off-setting transactions so as to reduce its open position.

The exchanges may assign unique sub-account codes on the lines of unique client codes to each sub-account of a FII, which would enable the derivative segment of the exchange and their Clearing House/Clearing Corporation to monitor the position limits specified for sub-accounts.

The position limits would be computed on a gross basis at the level of a FII and on a net basis at the level of sub-accounts and proprietary positions.

The open position for all derivative contracts would be valued as the open interest multiplied with the closing price of the respective underlying in the cash market.

c. Mutual Funds

The Mutual Fund shall notify the names of the Clearing Member/s for each scheme through whom it would clear its derivative contracts to the Stock Exchange. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund. The Stock Exchange shall monitor the scheme wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts as mentioned above. The Mutual Funds will be considered as trading members like registered FIIs, and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs.

7.2 Computation of Position Limits

The position limits shall be computed on a gross basis at the level of a Category I & II FPIs/MF and on a net basis at the level of individual sub-accounts/schemes and proprietary positions. The open

position for all derivative contracts would be valued as the open positions multiplied with the closing price of the respective underlying security/index in the normal market of the Equity Cash segment of BSE.

7.3 Category III FPI Position Limits

Futures and Option contracts on individual securities

The gross open position across all the derivative contracts for a security for each specific client shall not exceed higher of

- 1% of the free float market capitalization (in terms of number of shares)

OR

- 5% of the open interest in all derivative contracts in the same underlying stock (in terms of number of shares)

Any FPI (Category III)/ scheme of MF or persons acting in concert who together own 15% or more of the open interest of all derivative contracts on a particular underlying index are required to report this fact to the Exchange/Clearing Corporation. Failure to do so shall be treated as a violation and shall attract appropriate penal and disciplinary action in accordance with the Rules, Byelaws and Regulations of the Clearing Corporation.

11 CORE SETTLEMENT GUARANTEE FUND

Core Settlement Guarantee Fund

A Core Settlement Guarantee Fund (Core SGF) shall be maintained in respect of the Equity Derivatives segment. The administration and utilization of this fund shall be applicable to such deals as may be prescribed by the relevant authority.

The Minimum Required Corpus (MRC) of the Core SGF shall be arrived based on the stress test methodology prescribed by SEBI. ICCL shall compute the Minimum Required Corpus (MRC) for Equity Derivatives Segment which shall be subject to the following:

- 1.** The MRC shall be fixed for a month.
- 2.** By 15th of every month, ICCL shall review and determine the MRC for next month based on the results of daily stress tests of the preceding month. ICCL shall also review and determine by 15th of every month, the adequacy of contributions made by various contributors and any further contributions to the Core SGF required to be made by various contributors for the next month.
- 3.** For every day of the preceding month, uncovered loss numbers shall be estimated by the various stress tests for credit risk conducted by the ICCL for the segment and highest of such numbers shall be taken as worst-case loss number for the day.
- 4.** Average of all the daily worst case loss numbers determined in (3) shall be calculated.
- 5.** The MRC for next month shall be higher of the average arrived in at step (4) and the segment MRC as per previous review.

9.2 Contribution towards Core Settlement Guarantee Fund

At any point of time, the contributions of various contributors to Core Settlement Guarantee Fund (SGF) of any segment shall be as follows:

- a.** Clearing Corporation contribution: ICCL contribution to Core SGF shall be at least 50% of the Minimum Required Corpus (MRC). ICCL shall make this contribution from its own funds. ICCL contribution to core SGFs shall be considered as part of its net worth.

The interoperable CCs shall not be required to contribute to the Core SGF of each other and no Core SGF contribution requirement shall be calculated for the interoperable CCs.

- b.** Stock Exchange contribution: Stock Exchanges are required to contribute at least 25% of the minimum required corpus of the Core SGF (can be adjusted against transfer of profit by Stock Exchange as per Regulation 33 of SECC Regulations, which may be reviewed in view of these guidelines).

As mutually agreed between CCs and exchanges, the exchange contribution in Core SGF for a business segment shall be allocated among the exchanges on the basis of the turnover of the respective exchange in the business segment.

c. Clearing Member primary contribution: If the ICCL wishes, it can seek risk-based contribution from Clearing Members (CMs) of the segment (including custodial clearing members) to the Core SGF subject to the following conditions:

- that total contribution from CMs shall not be more than 25% of the MRC,
- that no exposure shall be available on Core SGF contribution of any CM (exposure-free collateral of CM available with ICCL can be considered towards Core SGF contribution of CM), and that required contributions of individual CMs shall be pro-rata based on the risk they bring to the system.

ICCL shall have the flexibility to collect CM primary contribution either upfront or staggered over a period of time. In case of staggered contribution, the remaining balance shall be met by ICCL to ensure adequacy of total Core SGF corpus at all times. Such ICCL contribution shall be available to ICCL for withdrawal as and when further contributions from CMs are received.

In the event of usage of Core SGF during a calendar month, contributors shall, as per usage of their individual contribution, immediately replenish the Core SGF to MRC. However, such contribution towards replenishment of Core SGF by the members would be restricted to only once during a period of 30 calendar days regardless of the number of defaults during the period. The period of 30 calendar days shall commence from the date of notice of default by Clearing Corporation to market participants.

Any penalties levied by ICCL (as per Regulation 34 of SECC Regulations) shall be credited to Core SGF corpus.

Interest on cash contribution to Core SGF shall also accrue to the Core SGF and pro-rata attributed to the contributors in proportion to their cash contribution.

ICCL shall ordinarily accept cash collateral for Core SGF contribution. However, ICCL may accept CM contribution in the form of bank FDs too. ICCL shall adhere to specific guidance which may be issued by SEBI from time to time in this regard.

12. ADJUSTMENT FOR CORPORATE ACTIONS

Adjustment for Corporate Actions

The basis for any adjustment for corporate action shall be such that the value of the position of the market participants on cum and ex-date for corporate action shall continue to remain the same as far as possible.

Time of Adjustment

Any adjustment for corporate actions shall be carried out on the last day on which a security is traded on cum basis in the underlying equities market, after the close of trading hours.

Adjustment

Adjustments shall mean modifications to positions and / or contract specifications as listed below such that the basic premise of adjustment laid down under 17.1 above is satisfied

- a) Strike Price
- b) Position
- c) Market Lot / Multiplier

The adjustments shall be carried out on any or all of the above, based on the nature of the corporate action. The adjustments for corporate actions shall be carried out on all open, exercised as well as assigned positions.

Corporate actions to be adjusted

The corporate actions may be broadly classified under stock benefits and cash benefits. The various stock benefits declared by the issuer of capital are

- Bonus
- Rights
- Merger / De-merger
- Amalgamation
- Splits
- Consolidations
- Hive-off
- Warrants, and
- Secured Premium Notes (SPNs) among others.
- Extraordinary dividends

Methodology for adjustment

The methodology to be adopted for adjustment of corporate actions to be carried out shall be as follows:

Bonus, Rights, Stock Splits and Consolidations

- **Strike Price** The new strike price shall be arrived at by dividing the old strike price by the adjustment factor as under.
- **Market Lot / Multiplier** The new market lot / multiplier shall be arrived at by multiplying the old market lot by the adjustment factor as under.
- **Position** The new position shall be arrived at by multiplying the old position by the adjustment factor as under.

The adjustment factor for Bonus, Rights, Stock Splits and Consolidations is arrived at as follows

Bonus

Ratio – A: B

Adjustment factor $(A+B)/B$

Rights

Number of Existing shares = A

Rights Entitlement

(Rights to subscribe) = B

Total Entitlement = A+B

Underlying close price on the last cum date = P

Issue price of the rights = S

Benefits per share = E

Benefit per Right Entitlement = $(P - S)$

$$E = (P-S)/(A+B)$$

Adjustment Factor is = $(P-E)/P$

Dividend if any, declared by the company along with rights shall be adjusted as per the prevailing dividend adjustment policy in F&O Segment.

Stock Splits and Consolidations

Ratio – A: B

Adjustment factor - A/B

Adjustment in case of fractions

The above methodology may result in fractions due to the corporate action e.g., a bonus ratio of 37. With a view to minimizing fraction settlements, the following methodology shall be adopted.

1. Compute value of the position before adjustment
2. Compute value of the position taking into account the exact adjustment factor

3. Carry out rounding off for the strike price and market lot

4. Compute value of the position based on the revised strike price and market lot

The difference between 1 and 4 above, if any, shall be decided in the manner laid down by the relevant authority by adjusting strike price or market lot, so that no forced closure of open position is mandated.

Merger

- On announcement of the record date for merger, the last cum-date for merger would be determined by the Exchange/ Clearing Corporation. The date of expiration of all contracts in the underlying which shall cease to exist subsequent to the merger, shall be the last cum date, which shall be informed to the members.
- Pursuant to the announcement of the record date, no fresh month contracts on Futures and Options would be introduced in the underlying which shall cease to exist, subsequent to the merger.
- Un-expired contracts in the underlying, which shall cease to exist subsequent to the merger, outstanding as on last cum-date shall be compulsorily settled at the settlement price. The settlement price shall be the last available closing price of such underlying in the Capital Market segment on the last cum-date.

Dividends

Dividends which are below 10% of the market value of the underlying stock, would be deemed to be ordinary dividends and no adjustment in the strike price would be made for ordinary dividends.

For extra-ordinary dividends, above 10% of the market value of the underlying security, the strike price would be adjusted.

Other corporate actions

The relevant authority may, on a case-by-case basis, carry out adjustments for other corporate actions in conformity with the above guidelines, including compulsory closing out, where it deems necessary.

Any change and/ or modification in the methodology for adjustments of futures and option contracts on individual securities, from the methodology detailed above, shall be notified by the Clearing Corporation from time to time.

13. CHARGES & PENALTIES

Penalty For Position Limit Violation in Equity Derivative Segment :

In case of any violation in open position limits beyond the specified limits at any level (member level, financial institution level, client level, etc), then penalty shall be levied on a monthly basis based on slabs as mentioned below or such other amount as specified by the Clearing Corporation from time to time.

Penalty structure for FPI /Mutual Fund/ Trading member level position limit violation in Equity Derivatives:

Instances of Violations in a calendar Month	Penalty to be levied
1st instance	No penalty
2nd to 5th instance of violation	Rs.5,000/- per instance from 2nd to 5th instance
6th to 10th instance of violation	Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance
11th instance onwards	Rs.70,000/- (for 2nd to 10th instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

a. Penalty structure for Client/NRI/ scheme of MF level position limit violation in Equity Derivatives:

When the open position of any client in any security, exceeds the specified limit at the end of the day the same shall be treated as a violation.

In the event of violation, the following penalty would be charged to the clearing members for every day of violation:

1. 1% of the value of the quantity in violation (i.e., excess quantity over the allowed quantity, valued at the closing price of the security in the normal market of the Capital Market segment of the Exchange) per client.
- or**
2. Rs.1,00,000 per client, whichever is lower, subject to a minimum penalty of Rs.5,000/- per violation / per client.

When the client level/NRI/scheme of mutual fund violation is on account of open position exceeding 5% of the open interest, a penalty of Rs.5000/- per instance shall be levied to the clearing member.

C. Penalty Charges for violation of Trading Limits²:

With reference to the (ICCL) notice no. 20180326-42 dated March 26,2018, member participants are hereby informed to adhere to the penalty for limit violation norms on monthly basis as per following slabs for Equity Derivative Segment:

Description	Instances of Trading Limit violations in a calendar month	Penalty
For violation of trading limits (assigned by Clearing member) to trading member.	1st instance	0.07% per day
	2nd to 5th instance of disablement	<p>Trading limit violation upto Rs. 1 crore = 0.07% per day + Rs. 1,000/- per instance from 2nd to 5th instance.</p> <p>Trading limit violation above Rs. 1 crore = 0.07% per day + Rs.5,000/- per instance from 2nd to 5th instance</p>
	6th to 10th instance of disablement	<p>Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs. 4,000/- (for 2nd to 5th instance) + Rs.2,000/- per instance from 6th to 10th instance.</p> <p>Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance</p>
	11th instance onwards	<p>Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs.24,000/- (for 2nd to 10th instance) + Rs.2,000/- per instance from 11th instance onwards Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.</p> <p>Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.70,000/- (for 2nd to 10th instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.</p>

² <https://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20180326-42>

12. ANNEXURES

Annexure – I

Format Letter for Deposit of Fixed Deposit Receipts (FDRs) by Clearing Member

Date

To,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Deposit of Fixed Deposit Receipt towards ICCL – BSE Equity Derivatives Segment.

Please find enclosed the following Fixed Deposit Receipt/s (FDR) issued in your favour towards the margin deposit of the ICCL – BSE Equity Derivatives Segment.

Sr. No	Bank Name	FDR No.	FDR Date	Maturity Date	Amount (Rs.)

Yours faithfully,

Authorised

Signatory

(Clg. No. _____).

Annexure – II

Fixed Deposit Receipts (FDRs) Confirmation by Bank

(Format of letter to be submitted by the concerned bank along with the instrument) (Bank's

Letter Head)

Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

We refer to deposit receipt (FDR) No. issued in the name of "Indian Clearing Corporation Ltd. A/c. (member's name)"

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

We hereby confirm that,

- i. There is no lock in period for encashment of the said FDR and the lien on the said FDR has been created in favour of Indian Clearing Corporation Ltd. (ICCL) only.
- ii. The amount under the said FDR would be paid to ICCL on demand without demure on or before or after the maturity of the said FDR without any reference to M/s. (Member's name)
- iii. The FDR is payable at Mumbai
- iv. Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (member's name) or any other authority/person.
- v. We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- vi. We undertake that at the time of encashment of aforesaid FDR No. _____ by M/s. (member name) or any other authority/person, whether premature or otherwise will be done only if the aforesaid FDR No. _____ is accompanied with the release of lien letter issued by ICCL.
- vii. We undertake that the aforesaid FDR No. _____ would stand automatically renewed by the Bank on the respective maturity dates.

Yours faithfully,

For.....(Bank)

Authorised Signatory (with Bank's stamp)

Annexure – III

Renewal of Fixed Deposit Receipts (FDRs) by Bank

(Bank's Letter Head)

The General Manager
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

We refer to deposit receipt (FDR) No. issued in the name of "Indian Clearing Corporation Ltd. A/c. (member's name)"

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

The above FDR has been renewed for a further period of months/years under the auto renewal facility on the request of the member. Details are as follows

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

We hereby confirm that,

- i. There is no lock in period for encashment of the said FDR and the lien on the said FDR has been created in favour of Indian Clearing Corporation Ltd. (ICCL) only.
- ii. The amount under the said FDR would be paid to ICCL on demand without demure on or before or after the maturity of the said FDR without any reference to M/s. (Member's name)
- iii. Old instrument will remain valid and no new instrument with new FDR No. ---- is issued.
- iv. The FDR is payable at Mumbai
- v. Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (member's name) or any other authority/person.
- vi. We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- vii. We undertake that at the time of encashment of aforesaid FDR No. _____ by M/s. (member name) or any other authority/person, whether premature or otherwise will be done only if the aforesaid FDR No. _____ is accompanied with the release of lien letter issued by ICCL.
- viii. We undertake that the aforesaid FDR No. _____ would stand automatically renewed by the Bank on the respective maturity dates.

Yours faithfully,
For (Bank)

Authorised Signatory (with Bank's stamp)

Annexure – IV

Format of Letter for Renewal of Fixed Deposit Receipts (FDRs) by Clearing Member

Date

To,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Deposit of renewed Fixed Deposit Receipt towards ICCL – BSE Equity Derivatives Segment.

We refer to following Fixed Deposit Receipt issued on our behalf in your favour towards the margin deposit of the ICCL – BSE Equity Derivatives Segment

Sr. No.	FDR No.	Issue Date	Amount (Rs.)	Maturity Date

The above Fixed Deposit Receipt/s has been renewed for a further period the details are as follows

Sr. No.	New FDR No.	Issue Date	New Amount (Rs.)	New Maturity Date

Yours faithfully,

Authorised

Signatory

(Clg. No. _____).

Annexure – V

(On letter head of the bank)

Date: DD/MM/YYYY

Indian Clearing Corporation Ltd. (ICCL)
25th Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001.

Re.: New Bank Guarantee/s for various segments of BSE with ICCL Dear Sir,

We confirm having issued the following bank guarantee/s favouring yourself on behalf of (**clearing member name**).

Bank Guarantee No.	<u>Expiry Date</u>	<u>Amount (Rs).</u>

We also confirm that the persons who have signed the above guarantee(s) are authorized signatories of the bank.

Yours faithfully,

For (bank name)

Authorised Signatory

Format of Bank Guarantee towards fulfillment of various requirements/liabilities/obligations of Clearing Member in relation to various segments of BSE

Letter of Guarantee in favour of Indian Clearing Corporation Ltd. (ICCL) for various segments of BSE Ltd.

BG No.: _____

BG Date: _____

From:

Insert Name

&

Address of the Bank

(hereinafter referred to as "the Bank")

To

Indian Clearing Corporation Ltd.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

(hereinafter referred to as "**ICCL**")

WHEREAS:

- (i) **(Delete inapplicable portion >>>>)** Mr./Ms./M/s. _____, an individual / a sole proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / the Companies Act, 1956, having his / her / its Registered Office at

..... is a Clearing Member of ICCL for various segments of BSE (**BSE Segments**) having Clearing No., hereinafter referred to as "**Clearing Member**" (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include his / her / its successors, administrators and permitted assigns);

- () As per the Rules, Byelaws and Regulations of the Indian Clearing Corporation Ltd ("**ICCL**")/BSE Ltd ("**BSE**") and in pursuance of various notices/circulars issued by the Securities and Exchange Board of India ("**SEBI**")/RBI/ICCL/BSE, all its Clearing Members are required to maintain with ICCL, collateral towards the /Additional Capital

BG No.: _

BG Date:

in the form of Cash or Fixed Deposit of Banks or approved Securities or Bank Guarantees etc. after applying suitable haircut/margins, as prescribed by ICCL from time to time.

- (iii) Clearing Members of the ICCL are also required to keep a certain amount as additional liquid asset with ICCL for availing of the trading limits and / or adjustment against margins prescribed by ICCL from time to time.
- (iv) Clearing Members are also required to pay to ICCL, various types of margins (comprising, inter alia, of gross exposure, mark to market, Value at Risk margin, Special margins, Extreme Loss margins, additional volatility margins, etc.) or any other margins in cash or any other form of collateral based on their exposure and volume of the business done by them in BSE Segments from time to time.
- (v) Clearing Members are also required to fulfil their engagements, commitments, obligations arising out of Trading, Clearing & Settlement System of BSE/ICCL
- (vi) ICCL requires that the maintenance of / additional capital (Liquid Assets) / payment of various margins and fulfillment of all requirements/liabilities/obligations arising under the Rules, Byelaws and Regulations of ICCL and/or instructions/directions issued by ICCL from time to time in relation to BSE Segments may be secured by the Clearing Members, inter alia, by executing a Bank Guarantee, in favour of ICCL.
- (vii) At the request of the Clearing Member, ICCL has agreed to accept a Bank Guarantee issued in its favour from a Scheduled Bank for an amount of Rs. _____ , (Rupees _____ only) in lieu of equivalent, additional capital (liquid assets) requirement, various margin payments and to meet his/ its requirements, obligations and commitments as aforesaid.
- (viii) The Clearing Member has requested the Bank to furnish to ICCL a guarantee of Rs. _____ (Rupees _____ only).

IT IS HEREBY AGREED BY THE BANK AS UNDER: -

1. We, the above-mentioned Bank at the request and desire of the Clearing Member of ICCL do hereby irrevocably and unconditionally guarantee to pay Rs. _____ (Rupees _____) to ICCL as a security for, additional capital (liquid assets), various margin requirements and due performance and fulfillment by the Clearing

BG No.:

BG Date:

Member of his / its requirements, engagements, commitments, operations, obligations, or liabilities arising under the Rules, Byelaws and Regulations and/or pursuant to instruction/direction issued by ICCL in relation to BSE Segments. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging, or fulfilling all or any obligations or liabilities of the Clearing Member.

2. The Bank hereby agrees that if in the opinion of ICCL, the Clearing Member has been or may become unable to meet, satisfy, discharge or fulfil any requirements, obligations, liabilities or commitments or any part thereof to ICCL as aforesaid, then without prejudice to the rights of ICCL under its Rules, Bye-laws and Regulations or otherwise, ICCL, may at any time thereafter and without giving any notice to the Clearing Member invoke this guarantee to meet the obligations, liabilities or commitments of the Clearing Member.
3. The Bank undertakes that it shall on first demand of the ICCL, without any demur, protest or contest and without any reference to the Clearing Member and notwithstanding any contest by the Clearing Member, pay to ICCL sums not exceeding Rs. _____ (Rupees _____) as may be demanded by ICCL. The decision of the ICCL from time to time as to the requirements or obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Bank.
4. This guarantee shall not be prejudiced by the failure of the Clearing Member to comply with the Rules, Byelaws or Regulations of ICCL/BSE. ICCL/BSE shall be at liberty to vary, amend, change, or alter any terms or conditions or its Rules or Byelaws or Regulations relating to membership of ICCL in general or as applicable to the Clearing Member in particular without thereby affecting its rights against the Clearing Member or the Bank or any security belonging to the Clearing Member now or hereafter held or taken by ICCL, at any time. The discretion to make demands under this guarantee shall exclusively be that of ICCL and ICCL is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Clearing Member.
5. The validity of this guarantee shall not be affected in any manner whatsoever if ICCL takes any action against the Clearing Member including default, suspension, or expulsion of the Clearing Member from ICCL.
6. This guarantee shall not be affected by any change in the constitution of ICCL or the Clearing Member or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by ICCL to its Clearing Member.

BG No.:

BG Date:

7. The Bank undertakes to pay to ICCL, the amount hereby guaranteed within forty-eight hours (excluding any holidays or bank strike) of being served with a written notice requiring the payment of the amount to the Branch Manager of the Bank's Branch office address stated

hereinabove or to such other address as ICCL may be aware of either by hand delivery or by Registered Post or by Speed Post or by Courier Service.

8. The Bank hereby consents to ICCL for:

- (i) Making any variance, change or modification of any agreement with the Clearing Member and/ or others as ICCL thinks fit; and
- (ii) Giving time to the Clearing Member for payment of any sums due from the Clearing Member; and
- (iii) Making any composition with the Clearing Member; and
- (iv) Releasing or parting with any security and/ or
- (v) Agreeing not to sue the Clearing Member.

9. The Bank irrevocably agrees that this guarantee shall not be avoided, released or prejudicially affected and the Bank shall not be discharged from its liability hereunder to ICCL by reason of the aforesaid or by reason of any act or omission by ICCL, the legal consequence whereof may be to discharge the Clearing Member and/ or the Bank or by any act or omission by ICCL which would, but for this provision, be inconsistent with the Bank's right as a surety. The Bank agrees that this guarantee shall remain valid and enforceable notwithstanding any forbearance or delay in the enforcement of the terms of the contract between the Bank and Clearing Member or of ICCL's Rules, Byelaws and Regulations. The Bank waives all the rights available to the Bank as surety under Section 133,134,135,139 and 141 of the Indian Contract Act, 1872 or any amendment thereof. The Bank also agrees that the Bank shall not be entitled to the benefit of subrogation to any security held by ICCL.

10. The Bank agrees that in the event of ICCL now or at any time hereafter holding any security, the Bank shall not be entitled to the benefit of such security or to receive such security notwithstanding that the Bank may have made payment under this guarantee.

BG No.:

BG Date:

11. The Bank undertakes not to revoke this guarantee during its currency except with the previous consent of ICCL in writing and this guarantee shall be continuous and irrevocable.

12. The Bank hereby states that this guarantee is not issued on the basis of any arrangement with or counter guarantee of any other Bank.

13. Notwithstanding anything mentioned hereinbefore, the aggregate liability of the Bank under this guarantee is restricted to Rs. _____ (Rupees _____) and it will remain in force for a period of ___ months i.e.,

upto _____ day of _____.

14. Unless a claim/demand in writing is made against the Bank under this guarantee before the expiry of three months from the aforesaid date i.e., on or before _____ day of _____, all rights of ICCL under this guarantee shall cease and the Bank shall be relieved and discharged from all liabilities thereunder.

Executed at _____, this _____ day of _____,

For _____ (Bank)

_____ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank

Annexure – VI

Format of letter by the clearing member for deposit of bank guarantee

Date

To,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Deposit of Bank Guarantee towards ICCL – BSE Equity Derivatives Segment Please find enclosed the following bank guarantee/s (BG) issued on our behalf in your favour towards the margin deposit of the **ICCL – BSE Equity Derivatives Segment**.

Sr. No	Bank Name	BG No.	BG Date	Maturity Date	Claim Date	Amount (Rs.)

Yours faithfully,

Authorized Signatory

(Clg. No. _____).

Annexure – VII

Format of renewal of Bank Guarantee

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where executed, whichever is higher)

BG No. .

BG Date .

From

<p>Insert Name</p> <p>&</p> <p>Address of the Bank</p>

(Hereinafter referred to as "**the Bank**")

To

Indian Clearing Corporation Ltd. (ICCL)
(BSE Equity Derivatives Segment)
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

We (bank name) a body corporate constituted under the Companies Act 1956 having our Registered Office at (Bank's address) and our branch office at (branch office address), refer to the Bank Guarantee Bearing No. (Original BG No.) executed by us on the (original BG date) at Mumbai (hereinafter referred to said bank guarantee) on account of (Clearing Member Name) (hereinafter referred to as a clearing member) for a sum of

Rs. _____ /- (Rupees _____ only) in your favour.

We now at the request of the Clearing member further extend the period of the said guarantee by months, i.e. from _____ to _____ and unless a demand under this guarantee is made on us in writing by you within three months after the date of expiry of this guarantee, i.e., on or before _____, all your rights under this guarantee shall cease and the bank shall be relieved and discharged from all liabilities hereunder.

We hereby affirm and confirm that save and except to the extent as provided for hereinabove, the said guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till _____.

“Now withstanding anything contained herein our liability under this Bank Guarantee shall not exceed Rs. _____ /- (Rupees _____ only). This Bank Guarantee shall be valid upto _____. And we are liable to pay the guarantee amount or pay part thereof under this Bank Guarantee only and only if you serve upon us a written claim on or before _____.” (Date of expiry of the claim period).

Sign for and on behalf of (bank name) on this the _____, Mumbai.

Yours truly,
For (bank name)

_____ Branch

Authorized Signatories

Annexure – VIII

Format of letter by the clearing member for renewal of bank guarantee

Date

To,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Deposit of renewed Bank Guarantee towards ICCL – BSE Equity Derivatives Segment.

We refer to following Bank Guarantees issued on our behalf in your favour towards the margin deposit of the ICCL – BSE Equity Derivatives Segment

Sr. No.	BG No.	Issue Date	Amount (Rs.)	Maturity Date	Claim Date

The above bank guarantees has been renewed for a further period the details are as follows

Sr. No.	New BG No.	Issue Date	Amount (Rs.)	New Maturity Date	New Claim Date

Yours faithfully,

Authorised Signatory

(Clg. No. _____)

Annexure – IX

Deed of Pledge

On Stamp/Franked paper of Rs.300/- or the value prevailing in the state where executed, whichever is higher and purchased in the name of the Clearing Member of Indian Clearing Corporation Ltd)

DEED OF PLEDGE TO DEPOSIT APPROVED SECURITIES TOWARDS MINIMUM LIQUID ASSETS AND ADDITIONAL LIQUID ASSETS WITH INDIAN CLEARING CORPORATION LIMITED FOR THE EQUITY DERIVATIVES SEGMENT OF BOMBAY STOCK EXCHANGE LTD. (BSE LTD.)

This Deed of Pledge (hereinafter referred to as “the Deed” is executed at this..... day of, 20.....

By

Mr./Ms./M/s. _____, an individual/ a sole proprietary concern/ a partnership firm/ a body corporate, registered/incorporated under the provisions of the Indian Partnership Act, 1932/the Companies Act, 1956, having his/her/its Registered Office at is a clearing member of the Indian Clearing Corporation Limited (**ICCL**), for the Equity Derivatives Segment of Bombay Stock Exchange Ltd. (BSE Ltd.) having Clearing No., (hereinafter referred to as “**the Clearing Member**”, which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include his/her heirs, legal representatives, executors and administrators/ the partners for the time being of the said firm, the survivor or survivors of them and the heirs, executors and administrators of such last survivor /its successors and assigns, as the case may be);

In favour of

Indian Clearing Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001 (hereinafter referred to as “**ICCL**” which expression shall unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns)

WHEREAS

- (i) Mr./Ms./M/s. _____, is a Clearing Member of ICCL for the Equity Derivatives Segment of BSE LTD.; and
- (ii) As per the Rules, Bye-laws and Regulations of the ICCL and in terms of the notices/circulars issued by ICCL/SEBI in this regard, all Clearing members of the BSE Equity Derivatives Segment of ICCL (hereinafter referred to as “**ICCL-BSE Equity Derivatives Segment**”) shall maintain with ICCL liquid Assets in the form of Cash/Fixed Deposit with banks/Bank Guarantees/approved Securities after applying suitable haircut/margins, as prescribed by the ICCL-BSE Equity Derivatives Segment from time to time; and

- (iii) Clearing members of ICCL – BSE Equity Derivatives Segment are also required to keep certain amount as additional liquid assets with the ICCL – BSE Equity Derivatives Segment for availing of the exposure limit prescribed by the ICCL – BSE Equity Derivatives Segment from time to time; and
- (iv) Clearing members of ICCL – BSE Equity Derivative Segment are also required to pay to ICCL – BSE Equity Derivative Segment initial margin on an upfront basis and settlement variation on account of daily mark to market or any other margin that may be prescribed by the ICCL – BSE Equity Derivative Segment from time to time in cash or any other form of collateral based on their exposure and volume of the business done by them in the ICCL – BSE Equity Derivative Segment; and
- (v) Clearing members of ICCL – BSE Equity Derivative Segment are also required to fulfill their engagements, commitments, obligations arising out of trading & settlement system of the ICCL – BSE Equity Derivative Segment; and
- (vi) ICCL – BSE Equity Derivative Segment requires that the maintenance of additional liquid assets/ payment of various margins as also the obligations arising out of the clearing and settlement of the trades executed on the ICCL – BSE Equity Derivative Segment may be secured by its Clearing members, inter alia, by executing a Deed to pledge to deposit the approved Securities (after applying suitable hair-cut) more particularly mentioned in the Schedule in its favour; and
- (vii) At the request of the Clearing Member, ICCL has agreed to accept the approved securities pledged in its favour, as per the norms prescribed by ICCL from time to time and to meet his/its obligations and commitments under the trading & settlement system of ICCL – BSE Equity Derivative Segment; and
- (viii) The Clearing Member shall deposit the approved securities with Custodian of ICCL as may be determined and notified by ICCL from time to time.

NOW, THIS DEED OF PLEDGE WITNESSETH AS FOLLOWS

1. In consideration of ICCL – BSE Equity Derivative Segment having agreed to accept the approved securities for liquid assets and additional liquid asset, the Clearing Member hereby pledges the securities (hereinafter referred to as the "**the Said Securities**") and ICCL hereby accepts the first and present security interest in (i) the securities (ii) all dividends/interest/redemption (iii) all additional securities and (iv) such other collateral listed in the Schedule hereto to secure and performance of all obligations of the Clearing Member under this Deed of Pledge. The Said Securities shall include all the securities deposited from time to time (in addition, substitution or replacement thereof) with ICCL as security for due performance and fulfillment by him/them of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of ICCL – BSE Equity Derivative Segment arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/them as per the Rules, Bye-laws and Regulations of the ICCL.

2. The Clearing Member, if so determined by ICCL – BSE Equity Derivative Segment, shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by the ICCL – BSE Equity Derivative Segment and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as may be determined by ICCL – BSE Equity Derivative Segment. The Clearing Member confirms, affirms and covenants with ICCL – BSE Equity Derivative Segment that during the period of the Said Securities remaining in possession and disposition of the custodian/depository participant as decided by the ICCL – BSE Equity Derivative Segment, he/they shall do all such acts and things, sign such documents and pay and incur such costs, taxes including capital gain tax or related tax demand/s, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/they owe as a Clearing Member of ICCL – BSE Equity Derivative Segment. The Clearing Member agrees that the applicable charges for the pledging and un-pledging of securities shall be solely borne by the Clearing Member.
3. The Clearing Member represents, declares and assures that all the Said Securities (a) are in existence, (b) are owned by him/them, (c) are free from any prior charge, lien, encumbrance, (d) not subject to any lock-in, and further that all the Said Securities over which pledge may be created in future would be in existence and owned by him/them at the time of creation of such pledge and that all the Said Securities to be given in future as security to ICCL will be unencumbered, absolute and disposable property of the Clearing Member.
4. In respect of such of the Said Securities as belong to the constituents of the Clearing Member, the Clearing Member represents, declares and assures that (a) all the Said Securities are in existence, are owned by its constituents, are in the possession/custody of the Clearing Member in the ordinary course of the Clearing Member's business, are free from any prior charge, lien, encumbrance and are not subject to any lock-in, (b) the Clearing Member has been expressly authorised in writing by the constituents, who own the Said Securities to pledge the same in favour of ICCL and to incur such costs, charges and expenses for and on behalf of the constituent as the Clearing Member may deem necessary in respect of such pledge, and (c) that all of the above representations, assurances and declarations shall remain true, valid and binding upon the Clearing Member in respect of all securities that may hereafter be pledged by the Clearing Member in pursuance of this Deed of Pledge.
5. The Clearing Member agrees that he/they shall not without the written permission from ICCL – BSE Equity Derivative Segment create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged to ICCL – BSE Equity Derivative Segment. The Clearing Member further agrees that he/they shall not permit any charge, lien or encumbrance to be created and shall not do or allow anything to be done that may prejudice the Said Securities while he/they remain liable to ICCL – BSE Equity Derivative Segment, in any manner, without the prior written permission of the ICCL – BSE Equity Derivative Segment.
6. The Clearing Member agrees that he/they shall also similarly pledge all corporate actions/benefits in respect of the Said Securities if the depository/custodian does not automatically pledge the same.
7. The Clearing Member agrees, declares, and undertakes that he/they shall be bound and shall abide by the terms and conditions of the scheme for the deposit of securities as formulated and determined by the ICCL – BSE Equity Derivative Segment, for security towards liquid assets and/or additional liquid assets, either in their existing form or as modified/amended from time to time.

8. The Clearing Member is aware and agrees that in accordance with the Rules, Bye-laws & Regulations of the ICCL and Bye-law 5.1 in particular, the Said Securities shall be subject to a first and paramount lien for any sum due to the ICCL and all other claims against the Clearing Member for fulfillment of engagements, obligations and liabilities of Clearing Members arising out of or incidental to any Dealing made subject to the Bye-Laws, Rules and Regulations of ICCL.
9. If in the opinion of ICCL – BSE Equity Derivative Segment, the Clearing Member has failed to perform and/or fails to fulfill his/their engagements, commitments, operations, obligations or liabilities as a Clearing Member of ICCL – BSE Equity Derivative Segment arising out of or incidental to any dealings made by him/them in accordance with the Rules, Bye-laws and Regulations of the ICCL, then the Clearing Member agrees that the ICCL – BSE Equity Derivative Segment as a pledgee, on giving one working days' notice to the Clearing Member, shall be empowered/ entitled to invoke the pledge, and to sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as ICCL – BSE Equity Derivative Segment may deem fit and that the money, if any, realised from such pledge/sale/disposal/or other transfer of the Said Securities shall be utilised/disbursed by the ICCL – BSE Equity Derivative Segment in such manner and subject to such terms and conditions as ICCL – BSE Equity Derivative Segment may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute such documents as are necessary to enable the ICCL – BSE Equity Derivative Segment to effect such pledge/sale/disposal/ or other transfer of the Said Securities. The decision of the ICCL – BSE Equity Derivative Segment as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member agrees that one working day notice mentioned above shall be deemed to be a reasonable notice.
10. All dividends/interests hereinafter declared on or payable with respect to any approved securities during the term of the Deed will be immediately delivered to the ICCL – BSE Equity Derivative Segment to be held under this Deed of Pledge. Notwithstanding this Deed of Pledge, so long as the Clearing Member owns the securities and no event of default has occurred in fulfilling its obligations or liabilities, the Clearing Member will be entitled to vote any shares comprising the collateral, subject to any proxies granted by the Clearing Member, if law permits.
11. In the event that during the term of this Deed of Pledge, any stock dividend, reclassification, readjustment, stock split or other change is declared or made with respect to the collateral, or if warrants or any other rights, options or securities are issued in respect of the collateral (the '**Additional Securities**’) then all new, substituted and/ or additional shares or other securities issued by reason of such change or by reason of the exercise of such warrants, rights, options or securities, if delivered to the Clearing Member, immediately surrendered to ICCL, will be pledged to the ICCL – BSE Equity Derivative Segment to be held under the terms of this Deed of Pledge as and in the same manner as the collateral is held hereunder.
12. Until all obligations and liabilities of the Clearing Member are fulfilled and under this Deed of Pledge have been satisfied in full, all collateral will continue to be held in pledge under this Deed of Pledge.
13. The Clearing Member shall, at the request of the ICCL – BSE Equity Derivative Segment, execute and deliver such further documents and take such further actions as ICCL – BSE Equity Derivative Segment shall reasonably request to perfect and maintain the security interest of the ICCL – BSE Equity Derivative Segment in the collateral, or in any part thereof.
14. This Deed of Pledge will inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

15. The Said Securities pledged as security shall be available at the disposal of ICCL – BSE Equity Derivative Segment as a continuing security and remain available in respect of the obligations, liabilities, or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of the ICCL – BSE Equity Derivative Segment, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability, or commitment by the ICCL – BSE Equity Derivative Segment but shall continue and remain in operation in respect of all subsequent obligations, liabilities, or commitments of the Clearing Member.
16. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by ICCL – BSE Equity Derivative Segment for the purpose of giving effect to the provisions of this Deed and the scheme for the deposit of securities.
17. The Clearing Member agrees that deposit of the Said Securities and pledge thereof shall not be affected in any manner whatsoever if ICCL – BSE Equity Derivative Segment takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.
18. The Clearing Member agrees that ICCL – BSE Equity Derivative Segment shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities shall be in the possession of the ICCL – BSE Equity Derivative Segment or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified ICCL – BSE Equity Derivative Segment of ICCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against ICCL – BSE Equity Derivative Segment in respect of any acts, matters and things lawfully done or caused to be done by the ICCL – BSE Equity Derivative Segment of in connection with the Said Securities or in pursuance of the rights and powers of ICCL – BSE Equity Derivative Segment under this Deed.
19. The Clearing Member shall be released from its obligations/liabilities/commitments under this Deed only when ICCL – BSE Equity Derivative Segment in writing expressly provides for the same.
20. The Clearing Member agrees that ICCL – BSE Equity Derivative Segment shall be entitled to sell, dispose of or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that ICCL – BSE Equity Derivative Segment shall be entitled to receive from the Clearing Member all expenses incurred by the ICCL – BSE Equity Derivative Segment custodian/ depository participant for the aforesaid purposes.
21. The Clearing Member undertakes that the deposit of the Said Securities and pledge thereof shall be binding on him/them as continuing and that the same shall not be prejudiced by his/their failure to comply with the Rules, Byelaws or Regulations of the ICCL in their existing form or as modified/altered/ amended from time to time.
22. No change whatsoever in the constitution of the Clearing Member during the continuance of this Deed shall impair or discharge the liability of the Clearing Member hereunder.

SCHEDULE

.....
IN WITNESS WHEREOF the Clearing Member has executed these presents on the day and year first hereinabove mentioned.

Signed, sealed, and delivered by the within named Clearing Member

Mr. / M/s -----

In the presence of witnesses (Name, address, and signature of witnesses)

1.

2.

Note

(Signature and stamp in all pages by)

1. Clearing Member in case of individual.
2. All partners in case of a Partnership Firm.
3. By any two of the following persons in case of a company.
 - a) Managing Director
 - b) Whole-time Director
 - c) Directors.

(A certified true copy of the Board Resolution, authorising the signatory to sign this deed, to be submitted in case of a company).

4. By Authorized Signatory as approved by the Bank, in case of a Bank.

Certified True Copy of Board Resolution

(On Company’s Letter Head)

CERTIFIED TRUE COPY OF THE BOARD RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF _____ DULY CONVENED AND HELD ON THE ____ DAY OF _____, 200 AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT _____.

“RESOLVED THAT the Company do hereby pledge and un-pledge the approved securities towards Minimum Liquid Assets and Additional Liquid Assets in favour of Indian Clearing Corporation Ltd.(ICCL), Mumbai.

RESOLVED FURTHER THAT for the purpose of depositing of securities towards Minimum Liquid Assets and Additional Liquid Assets by way of pledge in favour of the ICCL, Mumbai the Company do hereby execute and sign the Deed of Pledge and the following Director(s)/Authorised Representative(s) of the Company are jointly and severally authorized to sign all documents, papers, applications, deeds related to pledge and un-pledge the securities on behalf of the Company.

RESOLVED FURTHER THAT any one of the Director of the Company is hereby authorized to execute and sign the said deeds and affixed Common Seal if required as per the Article of association of the Company.

RESOLVED FURTHER THAT the Certified true copy of the resolution be forwarded to the ICCL, Mumbai for necessary action and records.”

The following are the Authorized Signatories

NAME	DESIGNATION	SIGNATURE

Certified to be True Copy

For

Place

Director
(Signature and Company Stamp)

Date

Annexure – X

Procedure for deposit and withdrawal of Government of India Securities (G-Sec)/T-Bills as collateral towards Liquid Assets in Equity Derivatives Segment

Only approved G-Sec/T-Bills from the list with residual maturity of a minimum period of one year from the date of transfer of same will be accepted. The same is available on website.

Process for depositing G-Sec/T-Bills:

- Members desirous of providing G-secs will inform ICCL about the details of such G-Secs in the format enclosed as Annexure - I. A copy of such letter should be sent to ICCL (Fax No. 2272 3130) or email at bse.csd@bseindia.com
- The details filled in said form by the Member brokers need to be entered into in the Ekuber System under Margin Transfer Module before 4.00 p.m. for transfer of securities to the following CSGL account of ICCL.

Account Name: Indian Clearing Corporation Ltd. - CSGL Account CSGL Account
No.: 53111600001

- The process of transfer shall get completed on confirmation of the transfer instructions received by ICCL through EKUBER for acceptance of the said Govt. Securities.
- Members may note that the valuation of G-Secs shall be based on the latest available closing price (subject to a minimum haircut of 10%) of G-Secs.

Process for withdrawal of G-Secs

- For withdrawal of G-Secs (deposited towards Liquid Assets with ICCL), members will be required to send the release request in the prescribed format (Annexure-II) by 4:00 pm, on a working day to ICCL.
- Member brokers may note that the periodic coupon/redemption payments received on such G-Secs will be distributed/passed by ICCL to concerned Clearing Members by crediting the same to their settlement accounts with the designated clearing banks upon receipt of amount from RBI.

The approved G-Sec/T-Bills which are in “SHUT PERIOD” will not be accepted.

Annexure I

(Format of covering letter to be given by the member for deposit of Government Securities)

(To be typed on Member's letter head)

(ICCL – BSE Equity Derivatives Segment)

Date :

To,
Indian Clearing Corporation Ltd (ICCL)
Mumbai

Dear Sir / Madam,
Re: Request for Addition of Securities (G-Sec / T-Bills) as Collaterals

We would like to deposit below mentioned G-Sec / T-Bill as Margin Deposit in BSE Equity Derivatives Segment:

Details are as under: (Ekuber Ref No # _____) :

Member ID	Member Name	Source SGL A/c no	Source SGL A/c Holder	Instrument details	ISIN no.	Maturity Date	Face Value (in digits &	Qty.

Further, we have initiated transfer of securities to CSGL account (53111600001) of ICCL, vide Margin Transfer module through Ekuber System. You are requested to confirm the same and consider the above G-Sec / T-Bills towards our margin deposit.

We would like to inform you that since this transfer of securities is on account of margin deposit and the same has been settled through Margin Transfer module, no monetary consideration is involved in this transaction.

Declaration: These Margin Transfer of Government Securities pertain to margins submitted towards trade in Equity Derivatives Segment

Thanking you,

Yours faithfully,

Authorised Signatory

Annexure II

(Format of covering letter to be given by the member for deposit of Government Securities)

(To be typed on Member's letter head)

(ICCL – BSE Equity Derivatives Segment)

Date :

To,
Indian Clearing Corporation Ltd (ICCL)
Mumbai

Dear Sir / Madam,
Re: Request for withdrawal of Securities (G-Sec / T-Bills) as Collaterals

We would like to withdraw below mentioned G-Sec / T-Bill as Margin Deposit in BSE Equity Derivatives Segment:

Details are as under: (**Ekuber Ref No #**) :

Member ID	Member Name	Source SGL A/c no	Source A/c Name	SGL Holder	Instrument details	ISIN no.	Date	Face Value (in digits & words)	Qty.

We would like to inform you that since this transfer of securities is on account of margin deposit and the same has been settled through Margin Transfer module, no monetary consideration is involved in this transaction.

Declaration: These Margin Transfer of Government Securities pertain to margins submitted towards trade in Equity Derivatives Segment.

Thanking you,

Yours faithfully,

Authorised Signatory

Annexure – XA

FORM - XIV

[See regulations 21 (1), (2), (3) and 22(2)]

NOTICE OF PLEDGE/HYPOTHECATION/LIEN OF GOVERNMENT SECURITIES

To, The Regional Director Reserve Bank of India Public Debt Office	To, The Manager, Name of CSGL A/c Holder Address:	To, The Manager Indian Clearing Corporation Ltd. Address:
--	---	--

Dear Sir,

Please take notice that I/we [name(s) of the holder(s)] have pledged/hypothecated/created lien¹ on the Government securities specified in Schedule 'A' hereto annexed {and have deposited the original scrip(s) with.....name(s) of the Pledgee(s)/Creditor(s)}. A duly executed transfer form is deposited with the pledgee². Please record pledge/hypothecation/lien¹ in your books of account in respect of the securities listed in Schedule 'A' and oblige.

Yours faithfully,

Signature(s) and name(s) of the Holder(s) / Borrower(s).....

Mailing address:

Signature(s) and name(s) of the Pledgee(s) / Creditor(s).....

Mailing address:

Dated thisday of

Schedule 'A'

Nomenclature the security ISIN	Distinctive number of the physical security	SGL/CSGL/Bond Ledger Account No.	Date of maturity	Face value of security

Note: (i) This form has to be submitted in triplicate. Counter receipt will be issued if submitted at the counter. The Public Debt Office will retain the original. Confirmation of having recorded the pledge/hypothecation/lien in the books of Public Debt Office will be issued on the duplicate and triplicate. Holder(s)/borrower(s) or pledge(s)/creditor(s) shall arrange to collect the same by surrendering the counter receipt duly discharged."

(ii) If this Form is submitted otherwise than at the counter, the duplicate and triplicate of the Form shall be dispatched by Post/Courier at the mailing addresses.

For Office use only:

Return Memo

Notice of pledge/hypothecation/lien could not be recorded in the books of account of Public Debt Office for the following reason(s).

- Discrepancies in the particulars of securities/Account No(s).
- Discrepancies in the names of holders.
- Form is incomplete.
- Enclosures not compiled properly.
- Signature not matching.
- Security not eligible for pledge/hypothecation/lien
- Security already under pledge/hypothecation/lien in favour of another creditor.
- Claims in respect of the security are pending.
- Under Stoppage.
- Any other reason

Authorised Officer

Confirmation

Confirmed that the notice of pledge/hypothecation/lien is recoded in the books of account of Public Debt Office / CSGl Account Holder / Agent.

Authorised Officer

Annexure – XB

FORM - XVI

[See regulations 21 (5) (6) and 22 (2) (4)]

CANCELLATION OF PLEDGE/HYPOTHECATION/LIEN

To, The Regional Director Reserve Bank of India Public Debt Office	To, The Manager, Name of CSGL A/c Holder Address:	To, The Manager Indian Clearing Corporation Limited Address:
--	---	--

Dear Sir,

The holder(s) of the Government securities listed in Schedule 'A' had created pledge/hypothecation/lien*, on the said Government securities in my/our favour. I/we enclose in original, the duplicate of Form - XV containing the confirmation regarding the recording of the said pledge/hypothecation/lien* in your books of account and request that the said pledge/hypothecation/lien be cancelled, and that my/our name(s) be deleted from your books of account as the pledgee(s)/ creditor(s) in respect of the said Government securities.

Yours faithfully,

Signature(s) and name(s) of the Pledgee(s)/Creditor(s).....

Mailing address:

Dated this..... day of.....

*: Strike out whichever is not applicable

Schedule 'A'

Nomenclature of the security and ISIN	Distinctive number of the physical security	SGL/CSGL/Bond Ledger Account No	Date of maturity	Face value of security

Note: (i) This form has to be submitted in triplicate. Counter receipt will be issued if submitted at the counter. The Public Debt Office will retain the original. Confirmation of having cancelled the pledge/hypothecation/lien in the books of Public Debt Office will be issued on the duplicate and triplicate. Holder(s)/borrower(s) or pledgee(s)/creditor(s) shall arrange to collect the same within by surrendering the counter receipt duly discharged.

(ii) If this Form is submitted otherwise than at the counter, the duplicate and triplicate of the Form shall be dispatched by Post/Courier at the mailing addresses.

For Office use only:

Return Memo

Cancellation of pledge/hypothecation/lien could not be recorded in the books of account of PDO for the following reason(s).

- Discrepancies in the particulars of securities/account no(s).
- Discrepancies in the names of holders.
- Form is incomplete.
- Enclosures not compiled properly.
- Signature not matching.
- Any other reason

Authorised Officer

Confirmation

Confirmed that the pledge/hypothecation/lien has been cancelled in the books of account of Public Debt Office.

Authorised Officer

Annexure – XI

Format of extension of scope of Bank Guarantee from one trading segment to another trading segment

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where executed, whichever is higher)

BG No. _____

BG Date _____

From

Insert Name
&
Address of the Bank

(Hereinafter referred to as "**the Bank**")

To
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

We, _____, having registered office at _____ and having branch amongst others at _____, refer to the Bank Guarantee No. _____ issued by us on ____ day of _____ at _____ (hereinafter referred to as "said Guarantee") on behalf of _____ (hereinafter referred to as "Clearing Member") having its registered office at _____ for a sum of Rs. _____ (Rupees _____ only) issued in favour of ICCL – BSE Equity Cash Segment / ICCL – BSE Equity Derivatives Segment / ICCL – BSE Currency Derivatives Segment. The said bank guarantee was issued to cover the Clearing Member's collateral requirements and margin, settlement & other obligations in the ICCL – BSE Equity Cash Segment / ICCL – BSE Equity Derivatives Segment / ICCL – BSE Currency Derivatives Segment.

We, at the request of the Clearing Member, do hereby irrevocably and unconditionally agree to extend the scope of the said guarantee to cover the liabilities arising out of the collateral requirements and various margin, settlement & other obligations of the ICCL – BSE Equity Cash Segment/ ICCL – BSE Equity Derivatives Segment / ICCL – BSE Currency Derivatives Segment, also.

All other provisions of the said Bank Guarantee would remain unchanged.

Executed at _____ , this _____ day of

For _____ (Bank)

_____ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank.

Annexure – XII

Payment of Settlement Dues on T+0 basis

(On letter head of Clearing Member)

Date

Clg. No.

To,

Indian Clearing Corporation Ltd. (ICCL)

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai - 400 001

Dear Sirs,

Re: Facility for availing payment of settlement dues on T+0 basis in Equity Derivatives Segment of BSE Ltd.

I/We refer to the facility provided by the Indian Clearing Corporation Ltd. for payment of margins in Equity Derivatives Segment of BSE Ltd. on a T+0 basis.

In this connection, I/We would like to opt for said facility for payment of margins pertaining to Equity Derivatives Segment of BSE Ltd. on T+0 basis, until further instructions.

Kindly do the needful.

Thanking you,

Yours faithfully,

(Authorised Signatory)

STAMP OF MEMBER

Annexure – XIII

Transfer of Payment of Settlement Dues on T+0 basis to T+1 basis

(On letter head of Clearing Member broker)

Date
Clg. No.
To,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sirs,

Re: Facility for transfer of payment of settlement dues from T+0 basis to T+1 basis in Equity Derivatives Segment of BSE Ltd.

I/We refer to the facility availed by us for payment of settlement dues in Equity Derivatives Segment of BSE Ltd. on a T+0 basis.

In this connection, I/We have to inform that we now would wish to change our option for payment of settlement dues in Equity Derivatives Segment of BSE Ltd. from T+0 basis to T+1 basis, until further instructions.

Kindly do the needful.
Thanking you,

Yours faithfully,
(Authorised Signatory)

STAMP OF MEMBER

Annexure – XIV

List of Clearing Banks

S. No.	List of designated Clearing Banks
1	Axis Bank Limited
2	Bank Of Baroda
3	Bank Of India
4	Canara Bank
5	Central Bank of India
6	Citibank N.A.
7	Corporation Bank
8	Deutsche Bank AG
9	HDFC Bank Limited
10	Hongkong and Shanghai Banking Corporation Limited
11	ICICI Bank Limited
12	IDBI Bank Limited
13	Indian Overseas Bank
14	IndusInd Bank Limited
15	Kotak Mahindra Bank Limited
16	Punjab National Bank
17	Standard Chartered Bank
18	State Bank of India
19	Union Bank of India
20	Yes Bank Limited

Annexure – XV

Format of member's request letter for change of Designated Bank

Date

Manager,
Clearing & Settlement Dept.
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

I/We _____ Dear Sir,

Re: Change of Designated Bank for Clearing &

Settlement Purpose

Clg.No. _____ is/ are having A/c.
No. _____ with _____ Bank for margins /clearing & settlement
obligations of ICCL – BSE Equity Derivatives Segment. I/We wish to shift my / our
designated bank from _____ to
bank.

Our Account No. _____ with _____ bank is
_____ and we wish to designate the same for Clearing &
Settlement purpose including margin payments for ICCL – BSE Equity Derivatives Segment.

I/We agree that the operations in the abovementioned account would start only after receiving intimation regarding the same from ICCL.

You are requested to please do the needful.

Signature & Stamp of the Member(s) / Director(s)