



*Indian Clearing Corporation Limited*  
*The Power of Vibrance*

## **MASTER CIRCULAR FOR DEBT SEGMENT**

**(Updated till July 31, 2024)**

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## 1. DEALS

Deals executed on the Debt Segment of BSE Ltd. are eligible to be cleared and settled through Clearing Corporation i.e. Indian Clearing Corporation Limited (ICCL) in the Debt Segment unless specifically deferred or not allowed to or rejected from admission by the relevant authority.

### 1.1 Cleared Deals

**Settlement Cycle:** The trades settled on DVP-3 basis in debt segment shall have settlement cycle of T+1. In case of trades settled on DVP-1 basis, Stock exchanges shall have flexibility to settle trades on T+0 or T+1.

#### Settlement Basis:

- a. Retail Market:** The Stock Exchanges shall continue to settle trades on DVP-3 basis in retail market of debt segment for publicly issued corporate bonds.
- b. Institutional Market:** The Stock exchanges may provide settlement on DVP-3 basis for publicly issued corporate bonds and for such privately placed corporate bonds which meet certain selection/ eligibility criteria to be specified by the exchanges.
- c.** The minimum selection/eligibility criteria for privately issued corporate bonds to be eligible for DVP-3 settlement shall include the following:
  - (1) The corporate bonds shall have a minimum rating of AA+ (or similar nomenclature).
  - (2) The yield spread of corporate bonds over similar residual tenure government securities shall not exceed 150 basis points.
  - (3) New corporate bonds listed during the month shall also be eligible for DVP-3 settlement if they meet the rating and yield spread criteria stated at 1 and 2 above.
  - (4) In case of existing corporate bonds, only liquid bonds shall be permitted. The stock exchanges may consider one or more following factors while defining liquid bonds:
    - (i) Bonds to have traded for at least 5 trading days in every month (including both exchange trades and reported trades).
    - (ii) Bonds to have minimum trading volumes of Rs. 25 crores in every month (including both exchange trades i.e. NSE & BSE and reported trades).
  - (5) The list of eligible bonds may be reviewed on monthly basis and made applicable from 15<sup>th</sup> of subsequent month.
  - (6) In all other cases, privately issued corporate bonds shall continue to settle on DVP-1 basis.

### 1.2 Auction Market Deals

- Auction Market deals shall be cleared and settled on a trade for trade basis.
- Auction Market deals shall be settled on a gross obligation's basis.
- Settlement guarantee shall be provided.

## 2. LIQUID ASSETS (COLLATERAL DEPOSITS)

The liquid assets for trading in Debt Segment are to be maintained separately.

### 2.1 Composition of Liquid Assets

The acceptable liquid assets and the applicable haircuts are listed below:<sup>1</sup>

Item	Haircut - refer Note (i)	Limits
<b>Cash Equivalents</b>		
Cash	0%	No limit
Bank Fixed Deposits (FDs)	0%	No limit
Bank Guarantees (BGs)	0%	Limit on exposure to a single bank (See Note ii)
Securities of the Central Government (T-bills and G-Secs)	See Note iii	No limit
Units of growth plans of overnight mutual fund schemes.	5%	No limit
Units of overnight mutual fund schemes (other than growth plans), liquid mutual fund schemes or government securities mutual fund schemes (by whatever name called which invest in government securities).	10%	No limit
<b>Other Liquid Assets</b>		
<b>1. Cannot be used for mark to market losses (see Note iv)</b> <b>2. Total of Other Liquid Assets cannot exceed total of Cash Equivalents (see Note v)</b>		
Equity shares with impact cost of up to 0.1% for an order value of Rupees 1 lakh and traded for at least 99% of days over the period of previous 6 months.	VaR Margin based on $6\sigma$ , subject to minimum of 9%.  (VaR Margin applicable to liquid securities - Group I <sup>2</sup> )	Limit on exposure to a single issuer
Units of mutual fund schemes other than those listed under cash equivalents.	VaR Margin based on $6\sigma$ , subject to minimum of 9%.  (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 liquid securities-Group I <sup>2</sup> )	No limit
Corporate Bonds	Fixed percentage based or VaR based haircut. A higher haircut may be considered to cover the expected time frame for liquidation.	Not to exceed 10% of the total liquid assets of the CM.

<sup>1</sup> SEBI Circular No.: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/65 dated May 29, 2024

<sup>2</sup> Paragraph 1.1.8.1 of Chapter 4 of SEBI Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023

Item	Haircut - refer Note (i)	Limits
	However, the haircut shall not be less than 10%.	

**Notes:**

- (i) The valuation of the liquid assets shall be done on a daily basis after applying applicable haircuts.
- (ii) Haircut on securities of the Central Government:

Type and Tenor of Securities	Haircut
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%

\*As jointly decided by clearing corporations. The classification of the Government of India Dated Securities, as above, shall be reviewed on 15th of every month. The revision in classification, if any, shall be implemented with effect from 1st of the next month.

- (iii) For Debt Markets, mark to market losses shall be paid by the member only in the form of cash or cash equivalents.
- (iv) Cash equivalents shall be at least 50% of liquid assets. This would imply that Other Liquid Assets in excess of the total Cash Equivalents would not be regarded as part of Total Liquid Assets.

Clearing Members of the Debt 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 are available on website of ICCL [https://www.icclindia.com/Static/Risk\\_Management/liquid\\_assets\\_equity.aspx](https://www.icclindia.com/Static/Risk_Management/liquid_assets_equity.aspx).

As per SEBI circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005, the cash component shall be at least 50% of liquid assets. This implies that non-cash component in excess of the total cash component would not be regarded as part of total liquid assets.

The cash / cash equivalent component should be at least 50% of the 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 Additional Liquid Assets

Clearing members may deposit additional liquid assets at any point of time based on the composition of Liquid Assets as detailed in 2.1 above.

### 2.2.A Security Deposit requirement for Members

As a part of the membership requirement every member is required to maintain a security deposit of

**2.2.A1** Corporates - ₹25 lakhs

- 2.2.A2** Firms/Individuals - ₹ 17.50 lakhs  
**2.2.A3** Professional Clearing Member – ₹ 25 lakhs

In addition to the aforesaid amount of ₹ 10 Lakhs (Interest free deposit) the member has to pay the following amounts at the time of commencement of business:

**Base Minimum Capital (Refundable)** (50% Cash / Cash equivalent (minimum ₹1.25 lacs in cash is mandatory) and 50% non-cash equivalent) as per SEBI, vide circular no. CIR/ MRD/ DRMNP/ 36/ 2012 dated December 19, 2012. The revised requirement of BMC to be maintained by a Trading Member, according to their profiles is as given below:

Categories	BMC Deposit (₹)
Only Proprietary trading without Algorithmic trading (Algo)	10 lacs
Trading only on behalf of Client (without proprietary trading and without Algo)	15 lacs
Proprietary trading and trading on behalf of Client without Algo	25 lacs
All Trading Members/ Brokers with Algo	50 lacs

#### **2.4.A Procedure for depositing various types of collateral deposits towards Liquid Assets Cash Deposits**

- For depositing cash towards liquid assets, the Clearing Members need to send their online instruction in respect of the same through the Collateral Module (CLASS-Collateral Management System) 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 the on-line web-based facility for confirmation of such 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.
- The cash can be deposited by the Members towards capital by submitting instructions to their clearing banks to debit their bank accounts and credit the amount to BSE/ICCL's account.
- Alternatively, in case of any contingency the Clearing Members and their designated Clearing Banks may at their discretion avail the facility of manual updations of cash collateral. For this purpose, the members may instruct their Clearing Banks to confirm the cash collateral deposits to the ICCL through written mode viz. Fax, letters or email. Based on such written confirmations received from the Clearing Banks, the cash collateral deposits of the members will be manually updated in the system by the ICCL.

#### **2.3.A Cash Deposit requirement for Members**

- As a part of the membership requirement every member is required to maintain cash deposit of Rs. 1.25 lakhs mandatorily.
- The benefit of such cash deposit requests shall be subject to bank confirmation from the respective clearing bank. A member who has authorized by the Clearing Corporation to debit his clearing account as above shall

ensure due performance of the commitment. Nonfulfillment of such obligation will be treated as a violation and/ or non-performance of obligations and shall attract consequences, penalty and/ or penal charges as applicable to violations.

#### **2.4.B Fixed Deposit Receipts (FDRs)**

Clearing Members can deposit FDR(s) of a scheduled commercial bank towards liquid assets. 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 authorized signatory of the member on the reverse of the FDRs. The FDRs need to be deposited alongwith 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**.

The FDRs submitted by the Member towards the capital have to be in the approved format in favour of ICCL either issued or payable by any Mumbai-based branch of a scheduled commercial bank only. However, in case FDRs are issued by the outstation branches of scheduled commercial banks (i.e., branches outside Mumbai), the payment of the proceeds on encashment of FDRs by BSE/ICCL has to be assured by a Mumbai-based branch of the concerned issuing bank. As regards the Fixed Deposit Receipts (FDRs) of banks, the duly discharged FDRs are required to be submitted by the Members to ICCL in the name of "Indian Clearing Corporation Limited. A/c - trade name of the Member" issued by any Mumbai-based branch or payable at any Mumbai-based branch of any scheduled commercial bank.

#### **2.4.C 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 a FDR and mark lien in favour of ICCL.
- Bank will issue 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 FDRs. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

#### **2.4.D 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 IIIA and Annexure IIIB**. The renewal letter should be submitted along with a covering letter by the Clearing Member in the prescribed format given in **Annexure IV**. In case the renewed FDR / fresh FDR is not submitted and whereby the member does not fulfill the security deposit requirements, action as provided in this chapter above shall be applicable.

#### **2.4.E Bank Guarantee (BGs)**

Clearing Members can deposit Bank Guarantees (BGs) issued by Scheduled Commercial Banks towards Liquid Assets requirements in the prescribed format given in **Annexure VA and Annexure VB**. 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. In cases where bank guarantee(s) are submitted with a claim period, the amount of the bank guarantee(s) would be removed on the expiry date of the bank guarantee(s) or such other date 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 should be strictly as per the formats prescribed by the Clearing Corporation.
- No relevant portion of the bank guarantee should be left blank
- All irrelevant portions struck off on the printed format should be authenticated by the bank by affixing the bank seal / stamp duly authorized.
- All handwritten corrections and blanks should be 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 authorized signatories of the bank.
- That the bank guarantee should be free from any discrepancy before the same is submitted to ICCL.

#### **2.4.F Bank Guarantee in electronic form**

The Clearing Members can also deposit the Bank Guarantee 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 such facility can approach any of the empanelled 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 would be 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.

#### **2.4.G 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, Annexure VIII(A)** and **Annexure IX**.

#### **2.4.H Eligible securities and units by way of pledge towards Liquid Assets**

Clearing Members can deposit eligible securities and units in dematerialized form towards liquid assets by way of pledge. The list of eligible securities and units is available on BSE/ICCL website. These securities and units shall be pledged in favor 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 any lock 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.

#### **2.4.I 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 X**. 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, authorizing 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 authorizing 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.

#### **2.4.J 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. The procedure for depositing eligible securities in form of G-Sec and T-Bills shall be as prescribed in **Annexure XI, Annexure XIA and Annexure XIB**.

In addition to the existing mode of depositing the G-Secs through the E-kuber system of RBI, the Clearing Members can create a lien on the G-Secs held in CSG (Constituent Subsidiary General Ledger) account of the members in favour of ICCL as part of their collateral requirements.

#### **2.4.K Process of creation of lien on Government of India Securities**

1. Clearing Member should fill **Form no. XIV** (copy enclosed as **Annexure XIC**) required to be submitted to the Public Debt Office (PDO), Reserve Bank of India (RBI), after getting it approved by authorized signatories of the CSDL holder and ICCL.
2. PDO, RBI, will confirm having recorded the lien in its books and will issue confirmation in triplicate copies.
3. Clearing Member should submit duplicate copy of the PDO's confirmation to ICCL and the triplicate copy with the CSDL holder.
4. On receipt of the duplicate copy as aforesaid, ICCL shall update the collateral limits of the member.

#### **2.4.L Process of cancellation of lien on Government of India Securities**

1. Clearing Member should send request to ICCL for cancellation of lien.
2. Clearing Member should submit **Form no. XVI** (copy enclosed as **Annexure XID**) in triplicate to the PDO, RBI.
3. PDO will record the cancellation of lien in its books and confirm the cancellation in triplicate copies. Clearing Member will submit duplicate copy of the PDO's confirmation to ICCL and the triplicate copy with the CSDL holder.
4. CSDL holder will remove lien in the gilt account of the client and intimate the Clearing Member.

#### **2.4.M Open ended mutual fund units as Collaterals**

- Units of mutual funds are also accepted as in dematerialized form as approved collaterals through approved custodians.
- The list of eligible open-ended mutual fund schemes along with the market wide acceptable quantity shall be disseminated by ICCL on monthly basis along with the approved list of securities.

#### **2.4.N Corporate Bonds as Collaterals**

- Corporate Bonds are also accepted in dematerialized form as approved collaterals through approved custodians. The list of eligible Corporate Bonds along with the market wide acceptable quantity shall be disseminated by ICCL on monthly basis.
- The valuation of the Corporate Bonds and haircut applicable shall be in accordance with the norms prescribed by the Clearing Corporation from time to time. The value of the Corporate Bonds shall be reduced by such haircut.
- Valuation of Corporate Bonds shall be done by the custodians at such periodic intervals as may be specified by the Clearing Corporation from time to time.

- The total value of Corporate Bonds provided as noncash portion of the liquid assets shall not exceed 10% of the total liquid assets of the respective member.

## **2.4 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.

### **2.4.A v" 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 [CM\\_Settlements@icclindia.com](mailto:CM_Settlements@icclindia.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, based on the details provided by the Depositories, the following fields will be provided to the respective CMs in the collateral holding report.

v" Client UCC  
v" Trading Member (TM) Code/CP Code  
v" CM Code  
v" 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. CMs may note that the Depository system will accept only eligible securities towards pledge/re-pledge by CMs in favour of ICCL. 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

## 2.4.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.
3. 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.

## 2.5 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.

## 2.6 Process for upload of ICCLCOLL file through members' extranet portal: a. File to be uploaded on extranet URL <https://member.bseindia.com>.

- a. 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.
- d. The allocated amount (except in case 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.
- e. **Format for ICCLCOLL file:**<sup>3</sup>

File Nomenclature	<p>ICCL COLL_CM CODE_ ddmmyyyy _batch no (CM will upload single file for all segments.</p> <p>The segment wise details to be taken from field number two i.e. Segment Indicator.</p> <p>Segment indicator details are provided on page number 3. Nomenclature date should be the current business date.)</p>
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<sup>3</sup> BSE Notice No. 20211118-65 dated 18 Nov 2021

	Batch No – Batch no will be unique four-digit sequence no (0001 to 9999)
File type	CSV
Frequency reporting	Online basis. It will always be a final file at client level.
Cut-off time for submission	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.

Sr. No	Field Name	Data Type	Remarks
1.	Current Date	Char (11)	DD-MMM-YYYY. Date will be the current business date (file upload date). It should match with the 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 (Actual value to be provided only in case of
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)	<b>Expected sample value:</b> 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.	Client's account	CM Code	TM Code	Blank	Client Code	C	Yes
5.	CP account	CM Code	Blank	CP	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 breakup 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

<b>File Nomenclature</b>	Res_ICCLCOLL_CMCODE_ddmmyyyy_batch no
<b>File type</b>	CSV
<b>Frequency</b>	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



<b>8.</b>	Cash & Cash Equivalents Amount	Number (15,2)	Value in Rs. (Cash + FDR +BG)
<b>9.</b>	Transfer to segment	Char (03)	Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
<b>10.</b>	Filler 1		Reserved for future
<b>11.</b>	Filler 2		Reserved for future
<b>12.</b>	Filler 3		Reserved for future
<b>13.</b>	Filler 4		Reserved for future
<b>14.</b>	Filler 5		Reserved for future
<b>15.</b>	Action	Char (1)	Expected sample value:  Allocated Collateral amount (A) Transfer (T)
<b>16.</b>	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”:

**a.** Invalid CM Code in File nomenclature (For Invalid CM code in file nomenclature, entire file would be rejected.)

- (3) Invalid CM Code in respective field record (For Invalid CM code in respective field record, respective record would be rejected.)
- (4) Invalid TM Code (For Invalid TM code respective record would be rejected.)
- (5) Invalid segment indicator (Records pertaining to wrong segment would be rejected.)
- (6) Invalid CP Code (For Invalid CP code respective record would be rejected.)
- (7) Total Allocated amount is more than available collateral (entire file would be rejected)
- (8) Negative values in amount field not accepted (Respective records would be rejected)
- (9) Request Rejected due to non-availability of un-utilized collateral (Respective record would be rejected)
- (10) File format error (Invalid date, Junk characters, Blank rows – entire file would be rejected)

Process for Collateral Allocation through API Facility.

The New API is a JSON based API Request facilitating Collateral Management for the Members.<sup>4</sup>

<sup>4</sup> ICCL Notice No. 20220124-38 dated 24 Jan 2022

The document contains:

- i. Member registration for API access through the Web Application
- ii. Collateral API Authorization Structure Request and Response
- iii. Collateral Management API Structure Request and Response
- iv. 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 of disablement	Penalty to be levied
<b>1st instance</b>	0.07% per day
<b>2nd to 5<sup>th</sup> instance of disablement</b>	<b>Trading limit violation upto Rs.1 crore</b> = 0.07% per day + Rs.1,000/- per instance from 2 <sup>nd</sup> to 5 <sup>th</sup> instance.
	<b>Trading limit violation above Rs. 1 crore</b> = 0.07% per day + Rs.5,000/- per instance from 2 <sup>nd</sup> to 5 <sup>th</sup> instance
<b>6th to 10<sup>th</sup> instance of disablement</b>	<b>Trading limit violation upto Rs. 1 Crore</b> = 0.07% per day + Rs. 4,000/- (for 2nd to 5 <sup>th</sup> instance) + Rs.2,000/- per instance from 6 <sup>th</sup> to 10 <sup>th</sup> instance.
	<b>Trading limit violation above Rs. 1 Crore</b> = 0.07% per day + Rs.20,000/- (for 2nd to 5 <sup>th</sup> instance) + Rs.10000/- per from 6 <sup>th</sup> to 10 <sup>th</sup> instance.
<b>11<sup>th</sup> instance onwards</b>	<b>Trading limit violation upto Rs. 1 Crore</b> = 0.07% per day + Rs.24,000/- (for 2nd to 10 <sup>th</sup> instance) + Rs.2,000/- per instance from 11 <sup>th</sup> instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for Suitable action.
	<b>Trading limit violation above Rs. 1 Crore</b> = 0.07% per day + Rs.70,000/- (for 2nd to 10 <sup>th</sup> instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

\* 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 utilization 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 Margining Process

The core of the risk management system followed in Debt Segment is based on the Liquid Assets deposited by members with the Clearing Corporation and is, inter alia, intended to cover mainly the requirements of:

- VaR Margin (Initial Margin)
- Extreme Loss Margin (ELM)
- Mark to Market (MTM)

The liquid assets deposited by members at all points of time should be adequate to cover the aforesaid requirements.

#### 3.2 Initial Margin

##### 3.2a. Volatility

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

The estimate at the end of time period  $t$  ( $\sigma_t$ ) 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 ( $\sigma_{t-1}$ ), and the return ( $r_t$ ) observed in the spot 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:

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

#### 3.3 Value at Risk (VaR) Margin

The VaR Margin is a margin intended to cover the largest loss that can be encountered on 99% of the days i.e., 99% Value at Risk.

The Value at Risk ("VaR") margin rates are as follows:

Product	VaR Margin Rates
Group 1	Based on $6\sigma$ , subject to a minimum of 9%
Group 2	Based on $6\sigma$ , subject to a minimum of 21.5%
Group 3*	50% if traded at least once per week on any stock exchange; 75% otherwise

\*In case of Exchange Traded Funds (“ETFs”) that track broad based market, indices and do not include indices which track sectoral indices, the VaR margin rate shall be  $6\sigma$ , subject to a minimum of 6%.

\*In case of Group 3 the securities shall be monitored on a weekly basis, and the VaR - margin rates shall be increased to 75% if the security has not traded for a week. In case the VaR margin rate is 75% and the security is traded during the day, the VaR margin rate shall be revised to 50% from start of next trading day.

### 3.4 Extreme Loss Margin (ELM)

Extreme Loss Margin (ELM) covers the expected loss in situation that go beyond those envisaged in the 99% Value at Risk estimates used in the VaR Margin.

Stocks	3.5%
Broad based ETF*	2%

\*ETFs that track broad based market indices and do not include ETFs which track sectoral indices.

### 3.5 Current Exposure Margin

#### a. Intraday Current Exposure Margin

The margining system of Clearing Corporations currently levies margin based on net value (Buy –Sales value) of unsettled trades in the Debt segment.

**b. Intraday Crystallised Loss Margin** - is levied to cover the risk arising out of accumulation of crystallised obligations incurred on account of intra-day squaring off of position. The intra-day crystallised losses are monitored and blocked by Clearing Corporations from the free collateral on a real-time basis only for those transactions which are subject to upfront margining.

Crystallised losses are offset against Crystallised profits at a client level, if any. If Crystallised losses exceed the free collateral available with the Clearing Corporation, then the entity shall be put into risk reduction mode. Crystallised losses are calculated based on weighted average prices of trades executed. Adjustment of intraday Crystallised losses is not done from the exposure free liquid net worth of the clearing member.

### 3.6 Mark to Market (MTM) margin

#### a. Mark to Market Losses is collected in the following manner:

- Clearing Corporations collect the mark to market margin (“MTM”) from the Clearing Member before the start of the trading of the next day.
- The MTM margin is collected from the Clearing Member first by adjusting the same from the available cash and cash equivalent component of the liquid assets and the balance MTM in form of cash from the Clearing Member through their Clearing Banks before the start of the trading of the next day.
- The MTM margin is collected on the gross open position of the clearing member.
- There is no netting off of the positions and setoff against MTM profits across 2 rolling settlements i.e., T Day and T-1 day. However, for computation of MTM profits/losses for the day, netting or setoff against MTM profits is permitted.
- The margin so collected is released along with the pay-in, including early pay-in.
- Example of member’s gross open position for the purpose of VAR & ELM margins is mentioned in **Annexure XII**.

- Methodology for computation of MTM Margin is mentioned in **Annexure XIII**.
- Procedure for early pay-in is mentioned in **Annexure XIV**.

## **b. Default**

In the event of default by a trading member / clearing member / custodian, as the case may be, whose clients have availed cross margining benefit, the Clearing Corporation shall have the option to:

- Hold the positions in the cross-margin account till expiry in its own name.
- Liquidate the positions / collateral in either segment and use the proceeds to meet the default obligation in the other segment.

The Clearing Corporation shall enter into agreement with client/clearing member/trading member / custodian, as the case may be, clearly laying down the inter-se distribution of liability / responsibility in the event of default. The Clearing Corporation shall also specify the legal agreements between the clearing entities for the purpose of margin utilization in case of liquidation / default etc.

## **3.7 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 (VaR 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 (VaR 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.

## **3.8 Updation of Risk Parameters**

The risk arrays are updated intra-day in the Debt market.

The applicable VaR margin rates along with the latest traded price/ close price to arrive at the latest VaR Margin Value are updated as follows:

- Beginning-of-Day
- 11:00 a.m.
- 12:30 p.m.
- 02:00 p.m.
- 03:30 p.m.
- 04:00 p.m.
- End-of-Day

## **3.9 Risk Reduction Mode**

Members are compulsorily placed in risk reduction mode when a predetermined percentage of the member's capital is utilized towards margins. When a member moves into risk reduction mode –

- All unexecuted orders are cancelled. Only fresh orders placed by members to reduce open positions are accepted.
- Fresh orders placed by members that increase open positions are checked for sufficiency of margins and orders that do not satisfy sufficiency of margins are rejected.
- Fresh orders can be placed for immediate or cancel (IOC) only
- Members will be able to trade in normal mode as and when the utilization goes below the predetermined %.
- Additionally, Members are not allowed to place orders with custodial participant code
- Client and Custodial Participant code modification is not permitted

The entry and exit threshold is detailed below:

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

### **3.10 Collection of Margins**

The VaR margin, ELM, Crystallised Loss Margin, etc. are collected/adjusted on an upfront basis from the Liquid Assets of the Clearing Member on an on-line real time basis. The said margins are collected on the gross open position of the member. The gross open position for this purpose would mean the gross of all net positions across all the clients of a member including its proprietary position. For this purpose, there is no netting of positions across different settlements.

The MTM margin is collected from the members first by adjusting the same from the available cash and cash equivalent component of the liquid assets and the balance MTM in form of cash from the members through their clearing banks before the start of the trading of the next day.

In case of Institutional transactions, the margins are collected on T+1 day, subsequent to confirmation of the transactions by the custodians. The margins shall be levied on the custodial clearing members in respect of those institutional transactions confirmed by them. In respect of the institutional transactions rejected/not confirmed by the custodians the margins on same would be levied on the concerned clearing member who has cleared the transaction.

### **3.11 Capping of margins**

In case of a buy transaction in Debt market, VaR margins, Extreme loss margins and mark to market losses together shall not exceed the purchase value of the transaction.

In case of a sale transaction in Debt market, VaR margins and Extreme loss margins together shall not exceed the sale value of the transaction and mark to market losses shall also be levied.

### **3.12 Exemption from margins**

The exemption from margins are given in cases where early pay-in of securities and funds is made, the outstanding position to the extent of early pay-in are not considered for margin purposes. Clearing Members have the facility to do early pay-in of securities and funds prior to execution of trade / after execution of the trade.

### **3.13 Release of blocked margins**

The above-referred margins so collected are released on completion of pay-in of the respective settlement.

### **3.14 Margin Shortfall**

Clearing Members shall maintain adequate liquid assets with ICCL at all point of time to cover their margin requirements. In case of de-activation of the trading terminal during a trading session in the Debt Segment on account of margin shortfall, the same shall attract fines / penalties or such disciplinary action as may be specified from time to time.



## 4. CLEARING & SETTLEMENT

Trades done by the members in the Debt Segment of BSE Ltd., are cleared and settled through Indian Clearing Corporation Ltd. (ICCL) as per the norms/guidelines issued by Securities and Exchange Board of India (SEBI) and as per the provisions of Rules, Bye-Laws and Regulations of ICCL and BSE as well as any other norms/circulars/guidelines which may be issued by BSE/ICCL in respect of the same from time to time.

The members need to participate in the settlement process as per the guidelines and settlement schedule prescribed by ICCL from time to time for settlement of trades.

Facility is also available for Custodial Participants to settle their trades through Custodian Members of ICCL. For this purpose, the members need to give-up the trades to the Custodian Members for confirmation within such time and through such facility as may be provided from time to time by ICCL.

### 4.1 Settlement Cycle

The trading and settlement periods are specified by the relevant authority from time to time. The pay-in and pay-out of securities and funds pertaining to trades done in various groups of securities in the Debt Segment on various exchanges are to be effected in accordance with the settlement schedule issued by ICCL periodically. Clearing Members should maintain clear balance of securities in their respective depository accounts and funds in their settlement accounts with the respective designated Clearing Banks towards their settlement pay-in obligation at the scheduled pay-in time on the settlement day.

The pay-out of demat securities is credited to the respective designated depository accounts or directly credited to the respective client's demat accounts as specified by Clearing Members to ICCL and the funds pay-out is credited to the receiving Clearing Member's settlement account maintained with their designated Clearing Bank.

### 4.2 Settlement Process

Trades done in the securities under various groups in the Debt Segment on Exchanges are settled through ICCL as per Settlement Type decided by Exchanges i.e., T+1 or T+0 basis.

Settlement of Funds & Securities is done at Clearing Member (CM) level as per the present timelines for settlement related activities. In case of Trading Member (TM)/CM scenario, the positions are netted at Client/Trading Member/Clearing Member level for normal scrips (i.e., netting of buy and sell positions in the same scrip for the same settlement) as at present for settlement purposes.

For scrips traded on Trade-to-Trade (T to T) basis, the delivery positions would be settled on a gross basis (no netting of buy and sell positions) as at present. For this, the position would be grossed at Client/Trading Member/Clearing Member level for T-to-T transactions. Settlement would be at Clearing Member (CM) level.

The clearing members would settle all obligations including margins arising out of trades done by them as trading members and also of those trading members for whom they have undertaken to settle as clearing members. The settlement calendar, providing the settlement schedule of the various settlement related activities, is drawn by ICCL in advance and circulated among the market participants.

The settlement of trades done in the Debt Segment is settled either on netting-off basis (i.e., netting of buy and sell positions of a member-broker in the same scrip and same settlement) or on trade-to-trade basis (i.e. on gross basis - no netting of buy and sell positions) depending on the applicable norms/categorization of the securities as decided by Exchanges / ICCL from time to time. The funds obligations for the members are netted for transactions across all groups of securities.

Additional practices in clearing and settlement functions include trading member code mapping, masking of trade data, client code/CP code modification, client margin reporting, securities mapping, allocation, and confirmation process for custodial clients (identified by CP codes).

SEBI vide circular no. MRD/DoP/SE/Cir-17/2005, dated September 02, 2005, has mandated that all institutional trades shall be settled through Custodians and to levy penalties on any unconfirmed institutional trades. The unconfirmed institutional trades by the custodians would attract penalty @ 0.1% of the total value of unconfirmed trades for the settlement or ₹10,000/- whichever is less. The penalty would be levied on the trading members. The penalty amount would be included in the settlement obligation statement of the trading members for the concerned settlement.

### **4.3 Securities pay-in and pay-out process**

The pay-in and pay-out of settlement obligations for securities in Debt segment is to be done by members are compulsorily in demat mode which the member has traded.

The pay-in and pay-out process in the demat mode is as under:

#### **4.3.1 Securities pay-in in demat mode**

Clearing Members can effect pay-in of demat securities to ICCL through either of the Depositories i.e. Central Depository Services India Ltd. (CDSL) or National Securities Depository Ltd. (NSDL). Clearing Members are required to give instructions to their respective Depository Participants (DPs) specifying details viz., settlement no., effective pay-in date, quantity, etc. for effecting pay-in of the demat securities to ICCL by the stipulated time on the scheduled settlement day. Members may also effect pay-in directly from the clients' beneficiary accounts through CDSL. For this, the clients are required to mention the settlement details and clearing member ID through whom they have sold the securities. Thus, in such cases the Clearing Members are not required to give any delivery instructions from their accounts.

In case a member fails to deliver the securities, the value of shares delivered short is recovered from him at the standard/closing rate of the Securities on the trading day.

#### **4.3.2 Auto delivery facility for pay-in of demat securities**

Members can avail the auto delivery facility for pay-in of demat securities whereby delivery instructions to the concerned depositories are automatically generated on behalf of the Clearing Members for transfer of demat securities from their Pool account/Principal account maintained with the depositories. This auto delivery facility is available for CRS (Normal & Auction) and for trade-to-trade settlements. This facility is, however, not available for delivery of non-pari passu shares and shares having multiple ISINs. Members wishing to avail of this facility have to submit an authority letter to the Clearing House. This auto delivery facility is currently available for Clearing Member (CM) Pool accounts and Principal accounts maintained by the Members with the respective depositories.

#### **4.3.3 Securities pay-in shortages**

In case of shortfall/failure by the members to deliver securities to ICCL in a settlement, the same are auctioned (in case of securities which are traded/settled on netting-off basis as aforesaid) or directly closed-out (in case of securities which are traded/settled on trade to trade - gross basis as aforesaid) as may be specified by ICCL from time to time. On scheduled pay-in/pay-out day of respective settlement, a statement of securities short delivered/received is provided to Clearing Members. The value of un-delivered securities is recovered from the Clearing Members, based on the 'T' day closing price of the security, through their Clearing Banks.

#### **4.3.4 Auction and Close-out of securities settlement shortages**

The auction / close-out are conducted as per the auction/ close-out schedule declared from time to time. Currently auctions are conducted on T+1 day. Auction Settlement is done on T+2 day. The selling members who have failed to deliver securities in particular settlement are not allowed to offer the same securities in the auction pertaining to that settlement. In case of pay-in/pay-out of multiple settlements are scheduled on same day, then the auction in respect of first settlement is conducted on the same day and the auction in respect of second settlement is conducted on the next trading day. In cases where a particular scrip could not be bought-in the auction or in case where members fail to deliver securities offered in auction then the same are closed out.

For T+0 settlement mechanism, there won't be any Auction session conducted. All short, delivered securities will go for Close Out.

#### **4.3.5 Securities Pay-out in demat**

After completion of the settlement pay-in process by ICCL, the pay-out of demat securities are credited by ICCL to the depository Pool/Principal Accounts of the Clearing Members. In case of pay-out of demat securities to Clearing Members, ICCL has provided facilities to members for (a) direct pay-out of demat securities to clients' demat accounts and (b) pay-out of securities in pool account of the concerned member with selected Depository.

In case delivery of securities received from one depository is to be credited to an account in the other depository, the Clearing House does an inter-depository transfer to give effect to such transfers.

#### **4.3.6 Direct pay-out of demat securities to clients' beneficiary account**

ICCL has provided a facility of direct pay-out of demat securities to clients' demat accounts, whereby pay-out of demat securities of the members are directly released to their respective clients' demat beneficiary accounts. For availing the said facility of direct pay-out of demat securities to the clients' beneficiary account, the concerned members are required to upload the settlement-wise client - wise break-up file to ICCL. Based on the details provided in the said uploaded file by the members to ICCL, the pay-out of demat securities is released to the demat accounts of the respective clients of the members.

#### **4.3.7 Pay-out of securities in member's pool account with selected Depository**

ICCL has provided a facility to Clearing Members to receive their demat securities pay-out in their pool account with selected depository. Accordingly, Clearing Members can receive pay-out of demat securities in their specified pool account in either of the depositories, viz, NSDL or CDSL.

#### **4.3.8 Funds pay-in and pay-out process**

- The pay-in and pay-out of funds in Debt segment is done through banks designated as Clearing Banks by ICCL. The list of Clearing Banks currently available for settlement is provided in **Annexure XV**.
- Clearing Members of Debt Segment need to maintain and operate a separate settlement account with any one of the designated Clearing Banks. The said settlement account shall be exclusively used for clearing & settlement operations viz., for settlement of funds obligation, payment of margins, obligations to ICCL, fines, penalty charges, etc., or as may be specified by ICCL from time to time. Format of letter to be submitted by the member to the clearing bank for the above purpose is enclosed as **Annexure XVI**.

#### **4.3.9 Funds pay-in shortages**

In case of non-fulfillment of funds pay-in obligations pertaining to normal pay-in, securities shortages pay-in, auction pay-in and for failure to deposit additional capital towards capital cushion requirements as per SEBI norms within stipulated time to ICCL, the same are treated as violations and/ or non-performance of obligations and attract late fees / fines / penalties or such disciplinary action as may be specified from time to time. The present norms for imposing late fees/fines/penalties on member brokers, inter alia, for non-fulfilment of funds obligations in the Debt Segment is enclosed as **Annexure XIX**.

#### **4.5 Valuation Price for failure to deliver**

The valuation price for securities which were not delivered on the settlement day for securities, shall be the closing price of such securities, on the immediate trading day preceding the pay-in day for the securities unless prescribed otherwise from time to time by the relevant authority. For the purpose of this clause, the closing price shall be the price as announced by BSE and the day of valuation shall be the day as decided by ICCL from time to time.

#### **4.6 Clearing Bank**

Every Clearing Member shall maintain and operate a distinct settlement account for the Debt Segment with any one of the designated Clearing Banks. The settlement account shall be used exclusively for clearing & settlement operations i.e., for settling funds obligations, payment of margins, fines, penalty charges, etc. as may be specified by ICCL from time to time.

##### **4.6.1 Operation of settlement Account**

- Clearing Members shall irrevocably authorise their designated clearing banks 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 accounts with their designated clearing banks towards their funds obligations 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.

##### **4.6.1 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:

- The Clearing Member shall submit their request letter (on their letterhead) to ICCL regarding their intent to shift their settlement account from one designated Clearing Bank to another, as per the format enclosed as **Annexure XVII**.
- On completion of the necessary formalities, ICCL will inform the member in writing about 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 as aforesaid.

## **5. MAINTENANCE OF DEPOSITORY ACCOUNT**

### **Depository Account**

The members shall operate a clearing account with a Depository Participant of the depositories, National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) for the purpose of settlement of depository deals or for any other purpose as the relevant authority may specify from time to time.

## 6. CORE SETTLEMENT GUARANTEE FUND

### 6.1 Core Settlement Guarantee Fund

A Core Settlement Guarantee Fund (Core SGF) shall be maintained in respect of the Debt segment. The administration and utilisation 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 Debt Segment which shall be subject to the following:

- (i) The MRC shall be fixed for a month.
- (ii) 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.
- (iii) 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.
- (iv) Average of all the daily worst case loss numbers determined in (3) shall be calculated.
- (v) The MRC for next month shall be higher of the average arrived in at step (4) and the segment MRC as per previous review.

### 6.2 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.
- b. Stock Exchange contribution: Stock Exchange contribution to Core SGF shall be at least 25% of the MRC (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).
- 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.

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.

ICCL shall call for the capped additional contribution 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 ICCL to market participants.

ICCL shall have relevant regulations/provisions for non- defaulting members to resign unconditionally within the abovementioned period of 30 calendar days, subject to member closing out/settling any outstanding positions, paying the capped additional contribution and any outstanding dues to SEBI. No further contribution shall be called from such resigned members.

The maximum capped additional contribution by non-defaulting members shall be lower of 2 times of their primary contribution to Core SGF or 10% of the Core SGF of the segment on the date of default in case of equity/ debt segments.

The maximum capped additional contribution by non-defaulting members shall be lower of 2 times of their primary contribution to Core SGF or 20% of the Core SGF of the segment on the date of default in case of derivatives segment.

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.

## 7. CHARGES AND PENALTIES

Violation/s	Shortage Amount (₹)	Late Fees/ Fines / Penalty
Non-fulfilment of funds obligations (viz. normal pay-in, securities shortage pay-in and auction pay-in) and for failure to deposit additional capital towards capital cushion requirement as per SEBI / Exchange / ICCL norms within stipulated time	If such funds obligation amount is more than the Base Minimum Capital (at present ₹10 lakhs) :	0.07% per day of the shortage amount, and the trading facility of such member will be withdrawn (Trading terminals will be de-activated/put on Risk Reducing Mode) and the member's securities pay-out to be withheld.
	If such funds obligation amount is less than the Base Minimum Capital (at present ₹10 lakhs) :	0.07% per day of the shortage amount and, in cases where the amount of shortage exceeds 20% of the BMC on 6 occasions within a period of three months, then also the trading facility of the member to be withdrawn (Trading terminals will be de-activated/put on Risk Reducing Mode) and the securities pay-out due to the member will be withheld. The member will be permitted to trade upon recovery of the complete shortages of funds and subject to the member providing a deposit equivalent to his cumulative funds shortage as the "funds shortage collateral". Such deposit will be kept with the Clearing Corporation for a period of ten rolling settlements and released thereafter. Such deposit will not available against margin liabilities and also such deposit will not earn any interest.  Such deposit can be placed with ICCL by member brokers by way of cash, bank fixed deposit receipts or bank guarantee.

### 7.1 Penalty on member brokers in case of non-fulfilment of funds obligations in the Debt Segment

In case a member fails to meet his obligation amounting to less than 20% of BMC, a penalty equivalent to his obligation amount or ₹5,000/- whichever is less will be levied.

Further, if a member fails to meet his pay-in obligations of a normal settlement, auction settlement and that of securities delivered short in the pay-in for the same settlement, then such instances of default would be considered as a single instance for the purpose of counting violations and levying penalties as above.

Non deposit of additional capital under capital cushion requirement would be as a separate instance for the purpose of counting instances of violation and levying fines/penalties as above.



## 7.2 Penalty on member brokers in case of de-activation of trading terminals during trading session in the Debt Segment:

Instances of Disablement	Penalty to be levied
1st instance	0.07% per day
2nd to 5th instance of disablement	Trading limit violation upto ₹1 crore = 0.07% per day + ₹1,000/- per instance from 2nd to 5th instance.
	Trading limit violation above Rs. 1 crore = 0.07% per day + ₹5,000/- per instance from 2nd to 5th instance
6th to 10th instance of disablement	Trading limit violation upto ₹1 Crore = 0.07% per day + ₹4,000/- (for 2nd to 5th instance) + ₹2,000/- per instance from 6th to 10th instance.
	Trading limit violation above ₹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	Trading limit violation upto ₹1 Crore = 0.07% per day + ₹24,000/- (for 2nd to 10th instance) + ₹2,000/- per instance from 11th instance onwards Additionally, the member will be referred to the Disciplinary Action Committee for Suitable action.
	Trading limit violation above Rs. 1 Crore = 0.07% per day + ₹70,000/- (for 2nd to 10th instance) + ₹10,000/- per instance from 11th instance onwards.  Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

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

## 7.3 Norms for imposing late fees/fines/penalties on member brokers in case of delay/non-clearance of margin obligations<sup>5</sup>

Short collection/non-collection of margins by members will attract penalty with effect from April 1, 2020. in addition to the existing EOD Files for Debt Segment, additional Margin reporting and penalty Files will also be available for download and reporting purpose. The necessary File Format is attached as **Annexure XVIII**.

Short collection for each member	Penalty percentage %
(< ₹1 lakh) And (< 10% of applicable margin)	0.5%
(≥ ₹1 lakh) Or (≥ 10% of applicable margin)	1.0%

<sup>5</sup> ICCL Notice No. 20091211-20 dated 11 Dec 2009

The following penalty shall be levied in case of short reporting by trading / clearing member per instance.

- If short/non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
- If short/non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.
- All instances of non-reporting shall amount to 100% short collection and the penalty as applicable shall be charged on these instances in respect of short collection.
- The above penalties shall be collected from the clearing member by debiting the settlement account with designated primary clearing bank in Debt Segment on a monthly basis. Penalty applicable for the trade dates of the calendar month shall be collected by the tenth working day of the subsequent calendar month.

VIOLATION/S	LATE FEES / FINES / PENALTY
Non-fulfillment of margin obligations to the Exchange.	In case of non-fulfillment of margin obligation, the trading facility of such members shall be withdrawn immediately and fine/penalty of 1% of the unpaid margin amount will be levied. In addition, the trading facility of the member shall be withdrawn immediately. The trading facility shall be restored after fulfillment of the margin obligation by the member.

Unconfirmed institutional trades by the custodians would attract penalty @ 0.1% of the total value of unconfirmed trades for the settlement or ₹10,000/- whichever is less. This penalty would be levied on the trading members.

#### 7.4 Penalty in case institutional trades are not confirmed by the Custodians

The trading members are advised that all institutional trades executed on BSE should be confirmed by a Custodian and settled through ICCL.

If the institutional trades are not confirmed by the custodians (after the trade has been executed, in the time allotted for the same i.e., till 1:00 p.m. on T+1 day), then such trades would be settled as the Hand Delivery Bargain on a DVP basis and would attract margins. Such margins would be collected from the trading members in the evening on T+1 day along with other margins payable by the trading members.

Unconfirmed institutional trades by the custodians would attract penalty @ 0.1% of the total value of unconfirmed trades for the settlement or ₹10,000/- whichever is less. This penalty would be levied on the trading members.

The penalty amount would be included in the settlement obligation statement of the trading members for the concerned settlement.

SEBI has directed that non-confirmation of Institutional trades by custodians may be permitted by the stock exchanges without attracting any margins and penalty only in case of the following exceptional circumstances:

- Total connectivity failure to the Exchange/STP (specific connectivity issues of the custodians and trading members shall not be considered as valid exceptions).

- International Holidays that may be decided upfront by the Stock Exchanges in consultation with the custodians. (List of such holidays will be issued separately).
- Closing of national/international centers due to calamity.

## 7.5 Settlement Charges:

Revised Settlement Charges in respect of deals reported on BSE – RFQ platform for settlement through ICCL.

Further to **ICCL Circular No.20230519-11 dated May 19, 2023**, all participants should note that, w.e.f. November 01, 2023, for all RFQ Deals the settlement charges on Value of deal (amount on which Stamp Duty is Calculated) for settlement are revised as follows:

- Nil settlement charges will be levied on unregistered participants for the period of 01/11/2023 to 31/03/2024 for value of deal upto ₹50 lacs.
- Rs.5/- + applicable Taxes, per deal will be charged to both buyer and seller participants for deal amount of upto ₹lacs.
- Rs.25/- + applicable Taxes, per deal will be charged to both buyer and seller participants for deal amount of above ₹50 lacs and upto ₹5 crores.
- Additional, ₹5/- + applicable Taxes per crore will be charged for any deal above ₹5 crore with maximum settlement charges capped to ₹500/- + applicable Taxes per deal.
- All above Settlement charges will be collected on monthly basis from Registered entities and from Custodian for deals which are settled through Custodians.

In respect of unregistered counter party same will be collected from its Registered Counter Party / OBPP for the deal.

- All participants are requested to update their correct address, email id's, GST number etc. in their UCC details.
- Monthly bill will be generated and will be available for download through system.

## 8. PRIVACY OF CONTRACTS

The following settlement obligations are specifically excluded:

Settlement obligations arising out of any deal where in the opinion of the Clearing Corporation or the specified Stock Exchange there are prima facie suspicion of fraud, willful misrepresentations, malpractice or are subject to any investigation by the relevant authority of either the Clearing Corporation or the Specified Stock Exchange or by any statutory authority or are deals which are not properly executed in accordance with the respective Bye Laws, Rules and Regulations of the Specified Stock Exchange.

## 9. TRI PARTY REPO (BASKET REPO)

Terminologies		
<b>T0</b>	Settlement on Same Day	
<b>T1</b>	Settlement on T+1 Day	
<b>F</b>	Forward Leg Settlement	
<b>T</b>	Transferable Type	Securities transferred to Lender in ready leg pay-out
<b>NT</b>	Non-Transferable Type	Securities to be retained by ICCL

### Early pay-in for Borrow Orders

- Ready leg (T0 and T1) type and forward leg of Repo transactions are to be settled as per separate settlement calendar notified by ICCL.
- Members may note that the borrow orders will be pre-validated for borrowing limit against early pay-in of any of the eligible securities forming part of the respective basket.
- For this purpose, the Members/Custodians are required to deliver the eligible securities to ICCL through the early pay-in mechanism available in the Depository system. For early pay-in the settlement type and settlement number are specified in settlement calendar. Further, members are also required to upload the .EPR file, through the extranet module, containing the requisite details.
- Client level borrowing limit will be provided to members on the basis of valuation of the securities (net of hair-cut) delivered by members to ICCL through early pay-in process.
- The Custodian/Clearing members will be required to deliver the early pay-in of securities and upload the .EPR file before the member inputs order in the system. .EPR file should, inter alia, include Trading Member/Clearing Member/Custodian Code, client code etc.
- In case where early pay-in is done by the Custodian member, the .EPR file, in addition to the other details, should also contain Custodian Code.
- If a member is doing early pay-in then Custody code/CM code field should be kept blank in the .EPR File.
- The shares delivered through early pay-in mechanism, will be treated as Securities Pay-in of the Members for ready leg (first leg) settlement.
- In case of transferable type of Repo contracts the lender will have to return back the securities to ICCL through securities pay-in process for the forward leg settlement.
- Following market types are to be used for giving instructions to Depositories for securities pay-in:

CDSL	
Market Type	Market Type Code
REPO READY LEG (T+0)	65

REPO READY LEG (T+1)	66
REPO FORWARD LEG	67

NSDL		
CC ID	Market Type	Market Type Code
IN001150	REPO LEG T+0	35
	REPO LEG T+1	36
	REPO FORWARD LEG	37

## Margining Framework

### a. Tri-Party repo on Basket Repo (Securities Transferred to Lender) From Transaction to Ready Leg

- ICCL shall levy an Initial Margin of 0.5% of the transaction value on the Lender. The Initial Margin shall be collected online on an upfront basis by adjusting against the eligible collateral deposited by the Lender with ICCL at the time of transaction.
- The Initial Margin so levied on the Lender shall be released when the funds pay in obligation is honored by the Lender depending on the settlement cycle chosen by him i.e. T+0 (same day) or T+1 (next trading day).
- ICCL shall not levy any Initial Margin on the Borrower.

### b. From Ready Leg to Forward Leg

- Ready Leg Margin: ICCL shall levy a Ready Leg Margin as a percentage on the transaction value on the Lender as specified by ICCL from time to time. The percentage shall be at least equal to the applicable haircut on the eligible repo security.
- ICCL shall not levy a Ready Leg Margin on the Borrower.

### c. Mark to Market Margin

- The eligible repo securities shall be marked-to-market on a daily basis. The Mark to Market Margin shall be levied on either the Borrower or the Lender as the case may be for each repo transaction.
- The Borrower would be required to bring in additional eligible collateral in case of a down movement in the price resulting in a mark-to-market loss on the eligible repo securities portfolio of the borrower.
- The Lender would be required to bring in additional eligible collateral in case of an upward movement in the price resulting in a mark-to-market profit on the eligible repo securities portfolio.
- This MTM would be retained by ICCL. The MTM margin shall be released after completion of the settlement pay-in of the Forward Leg.

### d. Forward Leg

- Margins levied on the Borrower and Lender shall be released after completion of the settlement pay-in of the forward leg.

### e. Tri-Party repo on Basket Repo (Securities held by ICCL) From Transaction to Ready Leg

- ICCL shall levy an Initial Margin of 0.5% of the transaction value on the Lender. The Initial Margin shall be collected online on an upfront basis by adjusting against the eligible collateral deposited by the Lender with ICCL at the time of transaction.

- The Initial Margin so levied on the Lender shall be released when the funds pay in obligation is honored by the Lender depending on the settlement cycle chosen by him i.e. T+0 (same day) or T+1 (next trading day).
- ICCL shall not levy any Initial Margin on the Borrower.

**f. From Ready Leg to Forward Leg**

- Ready Leg Margin: In this model, ICCL shall not levy a Ready Leg Margin on the Borrower or the Lender.

**g. Mark to Market Margin**

- The eligible repo securities shall be marked-to-market on a daily basis. The Mark to Market Margin shall be levied on the Borrower only.
- The Borrower would be required to bring in additional eligible collateral in case of a down movement in the price resulting in a mark-to-market loss on the eligible repo securities portfolio of the borrower.
- This MTM would be retained by ICCL. The MTM margin shall be released after completion of the settlement pay-in of the Forward Leg.

**h. Forward Leg**

Margins levied on the Borrower and Lender shall be released after completion of the settlement pay-in of the forward leg.

**i. Collateral (Liquid Assets)**

The eligibility criteria for collateral in the Equity Cash Segment shall also be applicable in the Repo Segment.

**j. Liquid Assets**

The Liquid Assets shall be in the form of cash and non-cash cash equivalent assets. The cash component shall be at least 50% of the total liquid assets. The Liquid Assets deposited in the form of cash equivalent and non-cash equivalent are subject to the norms in respect of applicable haircuts, single bank and single issuer exposure limits, etc. as per the guidelines prescribed by ICCL from time to time.

**k. Clearing and Settlement**

- The settlement of transactions would be on gross basis i.e. there shall be no netting of transactions.
- The pay-in and pay-out of securities and funds pertaining to transactions done in Repo segment would be effected in accordance with the settlement schedule issued by ICCL periodically.
- Members should maintain clear balance of funds in their settlement account with the designated clearing bank towards their settlement pay-in obligation at the scheduled pay-in time on the settlement day.
- For Transferable type of transaction, the securities pay-out will be credited to the depository pool accounts of members as designated or specified by them to ICCL.
- For Non-transferable type of transaction, the securities will be retained by ICCL.

- The funds pay-out shall be credited to the receiving Member's settlement account maintained with their designated clearing bank.
- In case of the forward (return) leg of the transaction, the settlement obligation shall be generated one day prior to the return leg settlement date of the respective Repo contracts series.
- All Borrowers are required to return the funds borrowed on completion of the tenor of Repo contracts on the designated settlement day. The securities to be returned by the lender to ICCL in case of transferable type of Repo contracts.
- All Borrowers are required to return the funds borrowed on completion of the tenor of Repo contracts on the designated settlement day. The securities to be returned by the lender to ICCL in case of transferable type of Repo contracts.
- For settlement through Custodian for borrow transactions, the members/participants will be required to mention Clearing No. of the custodians on the order entry screen at the time of placement of order and for settlement through custodians for lend transactions, the members / participants will be required to give-up positions during Give-up/Take-up session.

#### **l. Give-up / Take-up of Repo transaction for settlement through Custodians**

- Lending members/participants can give-up their Repo transactions to the Custodians for confirmation through the give-up/take-up module up to the specified time on the T day. Members/Participants need to send transaction-wise give-up requests to the Custodians for confirmation.
- The Custodians will be required to confirm such given-up entries transaction-wise within the specified time on the same day and should maintain sufficient collateral deposits with ICCL for meeting their obligations and liabilities at the time of confirmation of transaction.
- The pay-in and pay-out of funds and securities shall be through the designated clearing bank account and securities settlement account respectively.

#### **m. Tri-Party Special Repo Contracts**

- Settlement of all Special Repo Transactions is to be done on DVP- I basis.
- The Settlement calendar will be notified by ICCL periodically.
- Once the transaction is reported on the NDS-RST, The participants registered with BSE/ICCL can settle their transactions in BSE Special Repo Contracts through ICCL.
- Such Repo contracts would be divided into two legs of settlement viz. Ready leg and Forward leg.
- For Ready Leg settlement participants can choose the option for T0 and T1 settlement based on settlement type selected.
- Forward leg settlement would be decided on the basis of tenor of the respective contracts.
- Cut-off timings for reporting of trades and confirmations for settlement.
- For funds pay-in, the participants will be required to transfer funds (as per their obligations) to ICCL's RTGS Settlement account with Reserve Bank of India (RBI). (The participants should enter/instruct "UCC Code", "Deal ID" and "Bank Account details" in the Remarks/narration column in the RTGS FUNDS TRANSFER APPLICATION FORM while transferring the funds.)
- For securities pay in, the members will be required to transfer the securities to ICCL's Pool account with CDSL and NSDL respectively.

For details and latest updates participants may refer BSE and ICCL circulars and any other circulars issued from time to time.

- <http://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20180523-18>
- <http://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20180522-38>

## 10. NEGOTIATED TRADES REPORTED ON BSE-ICDM PORTAL

- Settlement of negotiated trades for debt securities on ICDM platform for corporate Bonds/Gsec-SDL(Demat)/PTC /CP/CD
- The settlement shall be done on ICCL e-settlement platform.
- Exchange and clearing corporation didn't provide any settlement Guarantee .
- Settlement Shall be done on DVP basis (Gross Settlement)
- Settlement cycle will be T+0, T+1 & T+2 as per transaction initiated on ICDM platform of Exchange.
- Fund and securities settlement carried out directly by clients/participants and their custodians respectively.
- The cut-off timing 05:45 PM of each settlement day.
- Once pay-in of both securities and funds done by clients /participants/custodians, the payout of securities / funds shall be transferred by ICCL to the depository / bank account of the clients/participants/custodians respectively.
- The funds settlement account details of ICCL for (CB/CP/CD/SD/GSEC/SDL/TBILL) for OTC & RFQ Trade

### Settlement of funds through RTGS mode (Rupees Two lakh and above)

Beneficiary Name: **Indian Clearing Corporation Limited**  
 RTGS Settlement Account No. **8715962**  
 IFSC Code: **ICLL0000001**

### Settlement of funds through RTGS / NEFT/ IMPS (G-Sec, T-Bill & SDL) :-

Beneficiary Name: **Indian Clearing Corporation Limited**  
 Bank Name: **HDFC Bank Ltd, Fort Branch**  
 Account No. **57500001086245**  
 IFSC Code: **HDFC0000060**

**Settlement of funds through via UPI mechanism will be made available to members with following specification:** PHI Commerce Private Limited shall provide the services in consideration of the below Phi Commerce Fees:

Sr. No.	Particulars	Charges
1	Internet Banking: ICICI /Axis / HDFC	₹12/- per txn
2	Internet Banking (Other Banks)	₹9/- per txn
3	UPI Platform Fee	Nil

- ✓ All the above charges are exclusive of taxes.
  - ✓ Further, members are requested to note that, payment via UPI mechanism settles on T+1 day.
  - ✓ And therefore, for deals settling on T+1 day, funds payment via UPI mechanism mandatorily needs to be issued on T+0 day.
- Demat account details for settlement of Securities of ICCL.



**NSDL pool account details (NSDL TO NSDL and NDSL to CDSL (IDT) )**

CM BP ID	IN619994
Settlement Type	ICDM T+0 / ICDM T+1 /ICDM T+2
Settlement No.	As per the transaction

**CDSL Pool Account Details**

EARLY PAYIN	YES (tick yes on slip or select on Easiest)
CM ID	999
ALTERNATE BO ID	1100002900000030

The other details like their own ID, Market Type, Settlement No. ISIN and quantity as applicable will also be required to be filled in the slip

**\*\*** In Case of the participants / custodians / clients fails to honour their pay-in obligation, either fully or partially, by stipulated time then the transaction shall not be considered for settlement. Further the securities / funds received towards the pay-in obligation shall be returned back to the respective participants / custodians/ clients.

## 11. ANNEXURES

### ANNEXURE I - FORMAT OF COVERING LETTER TO BE GIVEN BY THE CLEARING MEMBER FOR DEPOSIT OF FIXED DEPOSIT RECEIPTS (FDRS) IN ICCL – BSE DEBT SEGMENT

Date:

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 Debt Segment.**

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

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

Yours faithfully,  
Authorised Signatory

(Clg. No. \_\_\_\_\_).

## ANNEXURE II - FORMAT OF LETTER TO BE SUBMITTED BY THE CONCERNED BANK ALONG WITH THE FDR RECEIPT

Date:

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,

- 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.
- 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) .....
- The FDR is payable at Mumbai
- Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (member's name) or any other authority/person.
- We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- 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.
- We undertake that the aforesaid FDR No. \_\_\_\_\_ would stand automatically renewed by the Bank on the respective maturity dates.

Yours faithfully,  
For ..... (bank) .....

Authorized Signatory (with Bank's stamp)

## ANNEXURE IIIA- RENEWAL OF FIXED DEPOSIT RECEIPT (FDR)

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

Dear Sir,

We refer to fixed 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,

- 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.
- 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) .....
- Old instrument will remain valid and no new instrument with new FDR No. ---- is issued.
- The FDR is payable at Mumbai
- Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (member’s name) or any other authority/person.
- We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- 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.
- 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 IIIB - LETTER OF EXTENSION OF SCOPE OF GUARANTEE IN FAVOUR OF INDIAN CLEARING CORPORATION LTD. (ICCL) FROM ONE TRADING SEGMENT TO ANY OTHER TRADING SEGMENT OF BSE.**

**BG No. :** .

**BG Date :** .

From:

<b>Insert Name &amp; Address of the Bank</b>
--

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

To  
Indian Clearing Corporation Ltd.  
25<sup>th</sup> Floor, 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 Debt 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, margin requirements, settlement & other obligations in the ICCL-BSE Debt Segment/ICCL-BSE Equity Derivatives Segment / ICCL- BSE Currency Derivatives Segment.

We, the above mentioned Bank at the request and desire of the said Clearing Member, do hereby irrevocably and unconditionally agree to extend the scope of the said guarantee to cover the liabilities/obligations of the Clearing Member arising out of the collateral requirements and various margins, settlement & other obligations of the ICCL – BSE Equity Derivatives Segment, ICCL – BSE Debt Segment, ICCL – BSE Currency Derivatives Segment, ICCL BSE SLB Segment and ICCL BSE New Debt Segment and any of the Segments of ICCL- BSE of which the said Clearing member is admitted as a Clearing Member as may be determined by BSE/ICCL from time to time without demur/protest or reference to the Clearing Member.

We agree that the said Clearing Member is admitted to the membership of various segments of BSE/ICCL and that the Bank Guarantee amount specified in the above referred Bank Guarantee document is available for meeting the liabilities/obligations of any of the clearing segments as aforesaid.

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 IV - FORMAT OF COVERING LETTER TO BE GIVEN BY THE CLEARING MEMBER  
FOR DEPOSIT OF RENEWED FIXED DEPOSIT RECEIPT IN ICCL – BSE DEBT SEGMENT**

Date:

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 Debt Segment.**

We refer to following Fixed Deposit Receipt issued on our behalf in your favour towards the margin deposit of the **ICCL – BSE Debt 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 ₹	New Maturity Date

Yours faithfully,  
Authorised Signatory

(Clg. No. \_\_\_\_\_).

## ANNEXURE V(A) – ISSUE OF NEW BANK GUARANTEE/S ICCL

*(on letter head of the bank)*

Date: DD/MM/YYYY

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

**Re.: New Bank Guarantee/s ICCL**

Dear Sir,

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

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

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

## ANNEXURE V(B) - FORMAT OF BANK GUARANTEE TOWARDS ADDITIONAL CAPITAL (LIQUID ASSETS)

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

### Letter of Guarantee in favour of Indian Clearing Corporation Ltd. (ICCL)

**BG No.:**  
**BG Date:**

From:

**Insert Name  
&  
Address of the Bank**

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

To  
Indian Clearing Corporation Ltd.  
25<sup>th</sup> 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 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, Bye-laws and Regulations of the Indian Clearing Corporation Ltd ("**ICCL**")/ and in pursuance of various notices/circulars issued by the Securities and Exchange Board of India ("SEBI")/RBI/ICCL, all its Clearing Members shall maintain with ICCL, collateral 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.

**BG No.:** \_

**BG Date:**

- ( ) 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/clearing limits and / or adjustment against margins prescribed by ICCL from time to time.
- (i) 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 ICCL from time to time.
- (ii) Clearing Members are also required to fulfil their engagements, commitments, obligations arising out of Clearing & Settlement of trades in various segments by ICCL.



- (iii) ICCL requires that the maintenance of various collateral / deposit requirements as also the obligations arising out of the clearing and settlement of the trades executed in various segments of ICCL may be secured by the Clearing Members, inter alia, by executing a Bank Guarantee, in favour of ICCL.
- (iv) 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 various collateral / deposit requirements as prescribed by ICCL from time to time and to meet his/ its obligations and commitments under the Clearing & Settlement of trades in various segments of ICCL.
- (v) The Clearing Member has requested the Bank to furnish to ICCL a guarantee of ₹ \_\_\_\_\_ (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 various collateral

**BG No.:**

**BG Date:**

/ Deposit requirements and due performance and fulfillment by the Clearing Member of his / its engagements, commitments, operations, obligations or liabilities arising out of the clearing and settlement of trades on various segments of ICCL including the arbitration awards passed in terms of circulars issued by SEBI from time to time. 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 arising out of requirements of various collateral / deposit requirements and obligations or liabilities arising out of and clearing and settlement of trades on various segments of ICCL, as directed and decided by ICCL or such other person or persons or committee or committees appointed by ICCL from time to time including the arbitration awards passed in terms of circulars issued by SEBI from time to time.

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 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. ICCL 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.

**BG No.:**

**BG Date:**

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.
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) ICCL may not be suing 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, Bye-laws 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.

**BG No.:**

**BG Date:**

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.
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 EXTENSION OF SCOPE OF BANK GUARANTEE FROM ONE TRADING SEGMENT TO ANOTHER TRADING SEGMENT

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

Letter of extension of scope of guarantee from one trading segment to another trading segment in favour of Indian Clearing Corporation Ltd.(ICCL).

BG No.: .

BG Date: .

From:

Insert Name  
&  
Address of the Bank

(Hereinafter referred to as "the Bank")

To

Indian Clearing Corporation Ltd.  
25<sup>th</sup> Floor, 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 / BSE Debt 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 / BSE Debt 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 Derivatives Segment / ICCL – Bse Debt Segment / ICCL BSE Equity Cash 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 VII - FORMAT OF COVERING LETTER TO BE GIVEN BY THE CLEARING MEMBER  
FOR DEPOSIT OF BANK GUARANTEE IN ICCL – BSE DEBT SEGMENT**

Date :

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

Dear Sir,

**Re: Deposit of Bank Guarantee towards ICCL – BSE Debt 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 Debt Segment**.

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

Yours faithfully,  
Authorised Signatory

(Clg. No. \_\_\_\_\_).

## ANNEXURE VIII - RENEWAL OF BANK GUARANTEE(S) – ICCL DEBT SEGMENT

*(Bank's letterhead )*

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

**Re. : Renewal of Bank Guarantee(s) – ICCL – Debt Segment.**

Dear Sir,

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

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

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

**ANNEXURE VIII(A) - FORMAT OF RENEWAL OF BANK GUARANTEE TOWARDS BASE MINIMUM CAPITAL AND ADDITIONAL CAPITAL (LIQUID ASSETS)**

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

Letter of renewal of Guarantee in favour of Indian Clearing Corporation Ltd. (ICCL) for Debt Segment of BSE Ltd.

BG No. : .

BG Date: \_\_\_\_\_ .

From:

<b>Insert Name &amp; Address of the Bank</b>
--

(hereinafter referred to as "the Bank") To

Indian Clearing Corporation Ltd.  
(BSE Debt Segment)  
25<sup>th</sup> 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 ). All other provisions of the said Bank Guarantee would remain unchanged.

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

Yours truly,

For (bank name)

Branch

Authorized Signatories

**ANNEXURE IX - FORMAT OF COVERING LETTER TO BE GIVEN BY THE CLEARING MEMBER  
FOR DEPOSIT OF RENEWED BANK GUARANTEE IN ICCL – DEBT SEGMENT**

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 – Debt Segment.**

We refer to following Bank Guarantees issued on our behalf in your favour towards the margin deposit of the **ICCL – Debt 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 X - 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 WITH INDIAN CLEARING CORPORATION LIMITED FOR THE DEBT SEGMENT .

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 Debt Segment 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 25<sup>th</sup> 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 Debt Segment of .; 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 of ICCL ( hereinafter referred to as “**ICCL**”) shall maintain with ICCL the prescribed collateral security additional capital (Liquid Assets) for the due performance by him, of his engagements, commitments, operations, obligations or liabilities as a Clearing member of ICCL arising out of the clearing and settlement of transactions done by the Clearing member as per the Rules, Bye-laws and Regulations of ICCL. The collateral security to be deposited may be in the form of Cash, FDR of approved Banks or approved Securities, Bank Guarantees, Government Securities and the units of the approved Mutual Funds; after applying suitable haircut/margins, as prescribed by the ICCL for various deposit / collateral requirements, for various segments, from time to time; and
- (iii) 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 – Debt Segment; and
- (iv) 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. 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 – Debt 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 – Debt Segment, shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by the ICCL – Debt 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 – Debt Segment. The Clearing Member confirms, affirms and covenants with ICCL – Debt Segment that during the period of the Said Securities remaining in possession and disposition of the custodian/depository participant as decided by the ICCL – Debt 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 – Debt 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. The Clearing Member also agrees that it shall report to ICCL, in a format as may be prescribed by ICCL, details of the Said Securities as belong to the constituents of the Clearing Member.
5. The Clearing Member agrees that he/they shall not without the written permission from ICCL – Debt Segment create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged to ICCL – Debt 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 – Debt Segment, in any manner, without the prior written permission of the ICCL – Debt 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 – Debt 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 – Debt 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 – Debt 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 – Debt Segment as a pledgee, on giving one working day's 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 – Debt 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/dispensed by the ICCL – Debt Segment in such manner and subject to such terms and conditions as ICCL – Debt 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 – Debt Segment to effect such pledge/sale/disposal/ or other transfer of the Said Securities. The decision of the

ICCL – Debt 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 – Debt 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 – Debt 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 – Debt Segment, execute and deliver such further documents and take such further actions as ICCL – Debt Segment shall reasonably request to perfect and maintain the security interest of the ICCL – Debt 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 – Debt 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 – Debt 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 – Debt 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 – Debt 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 – Debt 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 – Debt 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 – 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 – Debt 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 – Debt Segment in respect of any acts, matters and things lawfully done or caused to be done by the ICCL – Debt Segment of in connection with the Said Securities or in pursuance of the rights and powers of ICCL – Debt Segment under this Deed.
19. The Clearing Member shall be released from its obligations/liabilities/commitments under this Deed only when ICCL – Debt Segment in writing expressly provides for the same.
20. The Clearing Member agrees that ICCL – Debt 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 – Debt Segment shall be entitled to receive from the Clearing Member all expenses incurred by the ICCL – Debt 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, Bye-laws 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. *All Partners in case of a LLP*
4. *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).*

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

.....

(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  
\_\_\_\_\_, 20\_\_\_\_, AT THE REGISTERED OFFICE OF THE COMPANY SITUATED  
AT \_\_\_\_\_.

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

RESOLVED FURTHER THAT for the purpose of depositing of securities towards Base and Additional Capital by way of pledge in favour of the Indian Clearing Corporation Ltd.(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 Indian Clearing Corporation Ltd. (ICCL), Mumbai for necessary action and records.”

The following are the Authorized Signatories:

NAME	DESIGNATION	SIGNATURE

Certified to be True Copy  
For

Place:  
Date:

Director

and Company Stamp)

(Signature)

## **ANNEXURE XI - PROCEDURE FOR DEPOSIT AND WITHDRAWAL OF GOVERNMENT OF INDIA SECURITIES (G-SEC) / T-BILLS AS COLLATERAL TOWARDS LIQUID ASSETS IN DEBT 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 at designated email id [CM\\_Settlements@icclindia.com](mailto:CM_Settlements@icclindia.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 CSDL account of ICCL. Account Name : Indian Clearing Corporation Ltd. - CSDL Account CSDL 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 hair-cut 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 XI(A) - REQUEST FOR ADDITION OF SECURITIES (G-SEC / T-BILLS ) AS COLLATERALS**

(To be typed on Member's letter head)

(ICCL – BSE Debt 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 Debt Segment:

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

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

Further, we have initiated transfer of securities to CSGI 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 is 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 Debt Segment***

Thanking you,

Yours faithfully,

Authorised Signatory

## ANNEXURE XIB - REQUEST FOR WITHDRAWAL OF SECURITIES (G-SEC / T-BILLS ) AS COLLATERALS

(To be typed on Member's letter head)  
(ICCL – BSE Debt 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 Debt Segment:  
Details are as under: (**Ekuber Ref No #** ) :

Member ID	Member Name	Source SGL A/c no	Source SGL A/c Holder Name	Instrument details	ISIN no.	Maturity 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 is 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 Debt Segment.***

Thanking you,

Yours faithfully,

Authorised Signatory

# ANNEXURE XI(C) - NOTICE OF PLEDGE / HYPOTHECATION / LIEN OF GOVERNMENT SECURITIES

## FORM – XIV

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

To, The Regional Director Reserve Bank of India Public Debt Office	To, The India Name Manager, Address: .....	To, The Manager Indian Clearing Corporation Ltd. Address:
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Dear Sir,

\

Please take notice that I/we ..... [name(s) of the holder(s)] have pledged/hypothecated/created lien<sup>1</sup> 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 pledgee<sup>2</sup>. Please record pledge/hypothecation/lien<sup>1</sup> 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 this .....day of .....

## Schedule 'A'

Nomenclature of the security and ISIN	Distinctive number of the physical security	SGL/ CSGL/ Bond LedgerAccount 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 XI(D) - CANCELLATION OF PLEDGE / HYPOTHECATION / LIEN

### FORM - XVI

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

To, The Regional Director Reserve Bank of India Public Debt Office .....	To, The Manager, Name of CSGL A/c Holder Address: .....Limited .....	To, The Manager Indian Clearing Corporation 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 XII - EXAMPLE OF MEMBER'S GROSS OPEN POSITION FOR THE PURPOSE OF VAR & ELM MARGINS

Sett. No.	Scrip.	Client ID.	Purchase Qty (+)	Sale Qty(-)	Net Qty.
001/05-06	Security X	A	200	500	- 300
	Security X.	Proprietary Position	300	nil	+ 300
	Security Y	B	Nil	200	- 200
	Security Y	A	500	Nil	+ 500
	Security Z.	C	1000	500	+ 500
	Security Z	B	100	200	- 100
002/05-06	Security X	A	1000	700	+ 300
	Security X	B	200	700	-500
	Security Y	B	Nil	200	- 200
	Security Z	Proprietary position.	500	00	+ 500
	Security Z	C	Nil	-500	- 500

### Member's gross position:-

Scrip.	Sett. No.	Gross Position Qty.
Security X	001/05-06	600
Security Y		700
Security Z		600
Security X	002/05-06	800
Security Y		200
Security Z		1000

### ANNEXURE XIII - METHODOLOGY FOR COMPUTATION OF MTM MARGIN

For a Client A, his MTM profit/ loss would be calculated separately for his positions on T-1 and T day (two different rolling settlements). For the same day positions of the client, his losses in some securities can be set off/netted against profits of some other securities. Thus, we would arrive at the MTM loss/profit figures of the two different days T and T-1. These two figures cannot be netted. Any loss will have to be collected and same will not be set-off against profit arising out of positions of the other day.

Thus, as stated above MTM profits / losses would be computed for each of the clients; Client A, Client B, Client C etc. As regards collection of margin from the broker, the MTM would be grossed across all the clients i.e. no setoff of loss of one client with the profit of another client. In other words, only the losses will be added to give the total MTM loss that the broker has to deposit with the exchange.

Client	Security	T-1 day	T day		Total profit/loss of Client		MTM for broker
Client A	Security X	800	300				
	Security Y	-500	-1200				
	Total	300	-900		-900		
Client B	Security Z	700	-400				
	Security W	-1000	800				
	Total	-300	400		-300		
Client C	Security X	1000	500				
	Security Z	-1500	-800				
	Total	-500	-300		-800		
Client D	Security Y	700	-200				
	Security R	-300	800				
	Total	400	600		1000		
Member							-2000

In this example, the broker has to deposit MTM Margin of Rs. 2000.

## ANNEXURE XIV - PROCEDURE FOR EARLY PAY-IN

Link for Early Pay-in of Securities through Block Mechanism:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20210726-17>

Members intending to avail the margin exemptions on their sale trades in the Debt Segment can do so by delivering the demat shares towards early pay-in from either of the two depositories viz; CDSL or NSDL.

The facility for early completion of settlement is available from 4.00 pm on T+1 day till 9.00 am on T+1 day. While completing the settlement on T+1 day (before 9.00am) as mentioned above in case a member fails to fulfill some part of securities delivery obligation (settlement shortage), then the member's collateral to the extent of total value of undelivered securities would be blocked and the balance margins (blocked collateral) would be released subject to fulfillment of entire amount of funds obligations for the relevant settlement. On successful completion of funds and securities pay-in pertaining to the relevant settlement by the member, the blocked margins of the member brokers for the relevant settlement will be released on T+1 day at EOD.

For early pay-in of securities in CDSL, members are required to transfer the securities that they intend to deliver as early pay-in, in the specific CDSL account opened by ICCL in the specific settlement number in which they have sold the securities. In case the members have not yet opened such an account, they can do so by filling up the requisite application form.

For delivering the securities in NSDL depository, members are required to give Irreversible Delivery Out instruction slips (IDO) in their DP. The IDO slips need to be filled with appropriate details about the security, ISIN, Quantity and the Settlement number.

Members are also required to create an EPN file as per format given in notice no. 20 dated 26-5-2005 available on website and upload the same via extranet.

Both the Depositories periodically update the Clearing Corporation about the receipt of the securities delivered in early Pay-in by each Clearing Member, in the respective settlement numbers. This information is mapped against the receipt of the data through the EPN files uploaded by the Clearing Members. Accordingly, the margin exemptions are provided to members as soon as the records are uploaded in the RTRMS.

Members can view the details of such uploaded records in the RTRMS system, under Reports/Client Position module.

Members can do the early pay-in, either before or after their sale trade. In case of pre- early pay-in, members are not provided with any additional benefit in their collaterals, but their Margins do not get blocked whenever the sale trade is received for the said scrip and quantity and for the Client mentioned in the EPN file. In case the early Pay-in is made after the trade is completed then all the blocked margins of the Member for the said trade are released.

Members can also view, in the Collateral Module the status of the early pay-in done by them.

### File Format for Early Pay-In of Securities with client codes to be uploaded by the Members through Extranet

File naming convention : **Exxxxyyzz.EPN**

E-- Early Pay-In file identification

xxxx -- Clearing No.

yyy -- Settlement No

zz -- incremental no. starting with 01

For each settlement no.

EPN -- Early pay-in File extension

Description	Type	Size	
Clg. No.	Num	4	e.g. 0102
Fin Year	Num	4	e.g. 0506
Settle No	Num	4	e.g. 0019
Scrip Code	Num	6	e.g. 500125
<b>Client Code</b>	<b>Char</b>	<b>11</b>	<b>the code of the Clg.</b>
			<b>Members client</b>
Quantity	Num	7	Zero padded

**The total record length should be 36**

The file should be uploaded by the members through the Extranet. The members should ensure that the details are entered correctly and the file is in the specified format. Also the incremental number (zz) should be checked thoroughly before uploading or else previous file of the member may be overwritten. The details in the file will be matched against the transaction files received from CDSL and NSDL. Only the matched records will be uploaded for Early Pay-In.

**Members may use their own software / back office program to generate the early pay in data file with the required format and naming convention as explained above.**

*(Please refer to Notice no : 20050526-20, dated Thursday, May 26, 2005 for further details)*

## ANNEXURE XV - LIST OF CLEARING BANKS FOR ICCL

ICCL has empanelled the following 24 Clearing Banks to provide banking services to members for clearing & settlement purposes.

Sr. No.	Name of the Bank
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	City Union Bank Ltd.
8	DBS Bank India Limited
9	Deutsche Bank AG
10	HDFC Bank Limited
11	Hong Kong and Shanghai Banking Corporation Limited
12	ICICI Bank Limited
13	IDBI Bank Limited
14	IDFC First Bank Limited
15	Indian Overseas Bank
16	IndusInd Bank Limited
17	J P Morgan Chase Bank N.A.
18	Kotak Mahindra Bank Limited
19	Punjab National Bank
20	SBM Bank (India) Ltd
21	Standard Chartered Bank
22	State Bank Of India
23	Union Bank of India
24	Yes Bank Limited



## **ANNEXURE XVI - FORMAT OF AUTHORIZATION LETTER TO CLEARING BANK FOR DEBITING SETTLEMENT ACCOUNT**

Date:

To,  
Name of the Clearing Bank  
Address of the Clearing Bank

Dear Sir,

**Sub: Authority Letter for debiting our Account No:\_\_\_\_\_ by Indian Clearing Corporation Ltd. towards settlement, margin or other charges.**

With reference to the our Account No.\_\_\_\_\_ which has been opened in your bank in our name, we hereby authorise you to debit the same towards settlement, margin or other charges which ICCL shall submit to you from time to time.

In the event of any wrong debit made by the bank on the basis of the bills submitted by ICCL, we shall bring the same to the notice of ICCL and any adjustment to be made shall be at ICCL's end only.

We further declare that the bank would not be held responsible in any manner whatsoever for debiting our current account from time to time on the advice of ICCL.

Thanking you,

Yours faithfully,

For Clearing Members Name  
Clg No. \_\_\_\_\_  
Name of the Official  
Designation

NOTE: (Submit acknowledged copy given by bank to ICCL)

**ANNEXURE XVII - FORMAT OF LETTER FROM CLEARING MEMBER REGARDING  
SHIFTING SETTLEMENT ACCOUNT FROM ONE DESIGNATED CLEARING BANK TO  
ANOTHER**

Date:

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

Dear Sir,

I/We \_\_\_\_\_ Clg.No. \_\_\_\_\_ is/ are having A/c.  
No. \_\_\_\_\_ with \_\_\_\_\_ Bank for margins /clearing & settlement  
obligations. 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.

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

You are requested to please do the needful.

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

## ANNEXURE XVIII - NORMS FOR IMPOSING LATE FEES / FINES / PENALTIES ON MEMBERS FOR NON-FULFILMENT OF FUNDS OBLIGATIONS

Violation/s	Shortage Amount	Late Fees/fines/penalty
Non-fulfillment of funds obligations (viz. normal pay-in, securities shortage pay-in and auction pay-in) and for failure to deposit additional capital towards capital cushion requirement as per SEBI/Exchange/ICCL norms within stipulated time.	<p>If such funds obligation amount is more Than the Base Minimum Capital (BMC) (at present ₹10 lakhs) :</p> <p>If such funds obligation amount is less than the Base Minimum Capital (at present Rs. 10 lakhs) :</p>	<p>0.07% per day of the shortage amount, and the trading facility of such member will be withdrawn (Trading terminals will be de-activated/put on Risk Reducing Mode) and the member's securities pay-out to be withheld.</p> <p>0.07% per day of the shortage amount and, in cases where the amount of shortage exceeds 20% of the BMC on 6 occasions within a period of three months, then also the trading facility of the member to be withdrawn (Trading terminals will be de-activated / put on Risk Reducing Mode) and the securities pay-out due to the member will be withheld.</p> <p>The member will be permitted to trade upon recovery of the complete shortages of funds and subject to the member providing a deposit equivalent to his cumulative funds shortage as the "funds shortage collateral".</p> <p>Such deposit will be kept with the Clearing Corporation for a period of ten rolling settlements and released thereafter. Such deposit will not be available against margin liabilities and also such deposit will not earn any interest. Such deposit can be placed with ICCL by member brokers by way of cash, bank fixed deposit receipts or bank guarantee.</p>

## 12. REFERENCE OF ICCL / BSE NOTICES

Sr. no.	ICCL / BSE	Date of Notices	Notice No.	Subject
1	ICCL	29 February 2024	20240219-45	Mode Of Settlement - The Request For Quote (RFQ) Platform
2	ICCL	19 May 2023	20230519-11	Settlement Charges in respect of deals reported on BSE – NDS, RFQ etc. for settlement
3	ICCL	24 January 2022	20220124-38	API based facility for allocation of Collateral
4	BSE	18 November 2021	20211118-65	API based facility for allocation of Collateral
5	ICCL	11 December 2009	20091211-20	Fines/penalty norms pertaining to settlement obligations and margin obligations