

# EQUITY DERIVATIVES SEGMENT

## CONSOLIDATED CIRCULAR

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## **1. DEALS**

Deals executed on the Derivatives Segment of BSE Ltd. are eligible to be cleared and settled through Clearing Corporation in the Equity Derivatives Segment unless specifically deferred or not allowed to, or rejected from admission by the relevant authority.

## 2. LIQUID ASSETS

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

### 2.1 Composition of Liquid Assets

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

Eligible Collateral	Hair-cut	Concentration Limit
<b>Cash Component: Cash &amp; Cash Equivalent</b>		
Cash	No haircut	No Limit
P1 (or P1+) rated Bank Guarantee ("BGs")	No haircut	Limit on the Exchange's exposure to a single bank as stipulated by SEBI vide circular no. MRD/DoP/SE/Cir-07/2005 dated February 23, 2005
Bank Fixed Deposits Receipts ("FDRs")	No haircut	No limit
Units of liquid Mutual Fund (or) Govt. Sec. Mutual Fund (by whatever name called which invests in government securities)	10%	No limit
Government Securities and T-Bills	10%	No Limit
AAA rated Foreign Sovereign Securities	10%	10% of cash component of liquid assets
SGB20151(2.75% Sovereign Gold Bond)	10%	
<b>Non- Cash Equivalent</b>		
Liquid (Group-I) Equity Shares (as per the criteria for classification of scrips on the basis of liquidity). (Only A and B1 group securities forming part of Group I)	VaR margin for the respective scrips	Limits specified for each scrip
Mutual Funds (other than those listed under cash equivalent)	VaR	
Gold ETF	VaR	No limit
AA (or higher) rated Corporate Bonds	10%	Limits specified for each issue and total not to exceed 10% of the total liquid assets of the member

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 Minimum Liquid Asset**

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

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

Accordingly, every Clearing Member would be required to maintain Minimum Liquid Networth (MLN) of Rs. 50 lakhs with ICCL. At least Rs. 25 lakhs of MLN should be in form of cash/Cash equivalent and the balance in form of Cash/Cash equivalent/non-cash equivalent.

## **2.3 Additional Liquid Assets**

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

## **2.4 Procedure for submission of deposits towards Liquid Assets**

### **Cash Deposits**

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

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

### **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 authorised signatory of the member on the reverse of the FDRs. The FDR needs to be deposited along with a covering letter of the Clearing Member in the format given in Annexure - I, and also with a letter from the concerned bank addressed to ICCL in the format given in Annexure - II.

## **Fixed Deposit Receipts in electronic form (E-FDRs)**

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

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit required documents and information such as member code, segment for which FDR is to be deposited towards Liquid Assets (Collateral) requirements, Amount, Tenure etc.
- Request the bank to create 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 FDR. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

## **Renewal of FDRs**

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

## **Bank Guarantee (BGs)**

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

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

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

- The bank guarantee is strictly as per the formats prescribed by the Clearing Corporation.
- No relevant portion in the bank guarantee is left blank

- All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal / stamp duly authorised.
- All handwritten corrections and blanks are attested by the bank by affixing the bank seal / stamp duly authorized.
- Each page of the bank guarantee should bear the bank guarantee number, issue date and should be signed by at least two authorised signatories of the bank.
- That the bank guarantee is free from any discrepancy before the same is submitted to ICCL.

### **Renewal of BGs**

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

### **Bank Guarantee in electronic form**

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

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

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

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

Clearing Members can deposit eligible securities and units in dematerialised form towards liquid assets by way of pledge. The list of eligible securities and units is available on BSE/ICCL web-site. These securities and units shall be pledged in favour of ICCL in the designated depository accounts.



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

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

Clearing Members shall also ensure that only eligible securities are pledged and lying towards their Liquid Assets with ICCL and that the said securities are not subject to 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.

### **Procedure for pledging of demat securities/units towards Liquid Assets**

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

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

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

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

### **Government of India Securities towards Liquid Assets**

Clearing Members may deposit eligible securities of Central Government of India (G-Sec) and Treasury bills (T-bills). The list of such eligible securities is available on BSE/ICCL web-site.

The procedure for deposit of eligible securities in the form of G-Sec and T-Bills shall be as prescribed in Annexure – X.

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 CSGL (Constituent Subsidiary General Ledger) account of the members in favour of ICCL as a part of their collateral requirements.

### **Process of creation of lien on Government of India Securities**

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

### **Process of cancellation of lien on Government of India Securities**

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

## **2.5 Procedure for submission of release request of Liquid Assets**

Clearing Members can place their on-line requests for release of Liquid Assets deposited by them with ICCL to the extent of available collateral which is not utilised/blocked towards margins and/or other obligations of the member through the collateral module provided to them. Such requests may be considered by ICCL, inter alia, subject to availability of un-utilised collateral of the member after due adjustments for the fulfilment of all obligations and liabilities of the member towards ICCL/BSE as per the Bye Laws, Rules and Regulations of ICCL/BSE or anything done in pursuance thereof.

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

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

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

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

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

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

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

## **2.7 Open ended Mutual Funds Units as Collaterals**

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

# **3. MARGINS**

The margin norms for the Equity Derivatives Segment would be as follows:

## **3.1 Initial Margin**

The Initial Margin requirements are based on a worst case loss of a portfolio of an individual client across various scenarios of price changes. It is payable on all open positions of Clearing Members, upto client level, and is payable upfront by Clearing

Members in accordance with the margin computation mechanism and/ or system as may be adopted by the Clearing Corporation from time to time.

### **3.1.1 Computation of Initial Margin**

ICCL has adopted SPAN® (Standard Portfolio Analysis of Risk) system or shall adopt any other equivalent system for the purpose of real time initial margin computation.

The Initial Margin requirement is based on the worst-case loss of portfolio at client level to cover 99% Value at Risk (VAR) over one day time horizon. However, in the case of futures contracts, where it may not be possible to collect mark to market settlement, before the commencement of trading on the next day, the initial margin is computed over a two day time horizon by applying an appropriate statistical formula. In case of clearing members who have opted for payment of MTM settlement on a T+0 basis and have intimated the same to ICCL, the initial margin may be computed over a one day time horizon.

The initial margin is computed at client level portfolio and is collected on gross basis at the member level across all clients including the proprietary positions of member.

### **3.1.2 Price scan range**

- **Index Products**

The Price Scan Range for index products is taken as three standard deviations (3 sigma) as calculated for value at risk purpose for the underlying index in the relevant underlying segment of the Exchange or such other price scan range as may be specified by the Clearing Corporation from time to time.

- **Stock Products**

The Price Scan Range for Stock Products shall be taken as three and a half standard deviations (3.5 sigma) as calculated for VaR purpose for the relevant underlying security in the relevant underlying segment of the Exchange, or such other price scan range as may be specified by the Clearing Corporation from time to time.

The price scan range for futures and option on individual securities would also be linked to liquidity. The same shall be measured in terms of impact cost for an order size of Rs 5 lakh calculated on the basis of order book snapshots in the previous six months. Accordingly, if the mean value of the impact cost exceeds 1%, the price scanning range would be scaled up by square root of three. This would be in addition to the requirement of increasing the price scan range on account of look ahead period as may be applicable.

The mean impact cost as stipulated by SEBI shall be calculated on 15<sup>th</sup> of each month on a rolling basis considering the order book snapshots of previous six months. If the mean impact cost of a security moves from less than or equal to 1% to more than 1%, the price scan range in such underlying shall be scaled by square root of three and scaling shall be dropped when the impact cost drops to 1% or less. The details of impact cost for the underlying on which derivative contracts are available, is given on the BSE/ICCL website.

### **3.1.3 Volatility scan range**

#### **Index products**

Volatility Scan Range for index products is taken at 4% or such other percentage as may be specified by the Clearing Corporation from time to time.

#### **Stock products**

Volatility Scan Range for stock products is taken at 10% or such other percentage as may be specified by the Clearing Corporation from time to time.

### **3.1.4 Minimum Percentage for Margins on Futures Contracts**

The minimum margin percentage on index futures is 5% which is scaled up by look ahead period as may be specified by the Clearing Corporation from time to time

The minimum margin percentage on stock futures is 7.5% which is scaled up by look ahead period as may be specified by the Clearing Corporation from time to time. Additionally, if the mean impact cost of a security exceeds 1%, the minimum margin percentage in such underlying is scaled by square root of three.

### **3.1.5 Premium Margin**

Premium Margin shall mean and include premium amount due to be paid to the Clearing Corporation towards premium settlement, at the client level. Premium margin shall be levied till the completion of pay-in towards the premium settlement.

### **3.1.6 Short Option Minimum Charge**

- **Index Options**

The short option minimum margin equal to 3% of the notional value of all short Index options is charged if sum of the worst-scenario loss and the calendar spread margin is lower than the short option minimum margin. The notional value of option positions is computed as the product of the short open position in that option contract multiplied by the previous day's closing price of the index futures contract, or such other price as may be specified by the Clearing Corporation from time to time.

- **Stock Options**

The short option minimum margin equal to 7.5% of the notional value of all short stock options is charged if sum of the worst-scenario loss and the calendar spread margin is lower than the short option minimum margin. The notional value of option positions is computed as the product of the short open position in that option contract multiplied by the previous day's closing price of the underlying security in the normal market of Capital Market Segment of the Exchange, or such other price as may be specified by the Clearing Corporation from time to time.

### **3.1.7 Net Option Value (NOV)**

The net option value is calculated as the current market value of the option times the number of options (positive for long options and negative for short options) in the portfolio. This NOV is added to the liquid net worth of the Clearing Member i.e. the value of short options will be deducted from the liquid net worth and the value of long options will be added thereto. Thus mark-to-market gains and losses on option positions are adjusted against the available liquid net worth of the Clearing Member. Since the options are premium style, there will be no mark-to-market settlement of profit or loss.

### **3.1.8 Calendar Spread Margin**

The margin on calendar spread is calculated and benefit is given to the Members for such position till expiry of near month contract. The calendar-spread margin is charged in addition to worst-scenario loss of the portfolio.

In the case of futures and options contracts on index and individual securities, the margin on calendar spread positions is calculated on the basis of delta of the portfolio consisting of futures and options contracts in each month.

The spread charge shall be 0.5% per month for the difference between the two legs of the spread subject to minimum 1% and maximum 3% on the far side of the spread with legs upto 1 year apart. While calculating the spread charge, the last available closing price of the far month contract is used to determine the spread charge.

## **3.2 Extreme Loss margins**

Members' positions shall be subject to exposure margins in addition to initial margins. The applicable exposure margin shall be as specified hereunder or as may be specified by the relevant authority from time to time.

### **Index Futures contracts**

The exposure margin shall be 3% of the notional value of the futures positions, based on the last available traded price of the relevant futures contract.

### **Short Index Options contracts**

The exposure margin shall be 3% of the notional value of the short open positions in options on index, based on the last available closing price of the underlying index in the normal market of Equity Cash segment of the Exchange.

### **Stock Futures contracts**

The exposure margins shall be higher of 5% or 1.5 standard deviation of the notional value of gross open position in futures on individual securities in a particular underlying.

## **Short Stock Option contracts**

The exposure margins shall be higher of 5% or 1.5 standard deviation of the notional value of short open positions in options on individual securities based on the last available closing price of the underlying security in the normal market of Capital Market segment of the Exchange.

For the purpose of computing  $1.5\sigma$ , the standard deviation of daily logarithmic returns of prices in the underlying stock in the cash market in the last six months shall be computed on a rolling and monthly basis at the end of each month. The applicable exposure margins shall be intimated by the Clearing Corporation from time to time.

## **Calendar Spread**

In case of calendar spread positions in futures contracts, exposure margin shall be levied on one third of the value of the open position of the far month futures contract. A calendar spread position shall be granted as calendar spread treatment till the expiry of the near month contract.

### **3.3 Additional margins**

As a risk containment measure, ICCL may require clearing members to pay additional margins as may be decided from time to time. This would be in addition to the above mentioned margins.

### **3.4 Updation of risk parameters files**

The parameters for computation of span margin is updated as specified by ICCL from time to time. Currently, the parameters shall be updated 6 times in the day, based on the prices at 11.00 a.m., 12.30 p.m., 2.00 p.m., 3.30 p.m., end of the day and beginning of the day. Risk parameters generated based on the updated parameters is provided on the Exchange website.

### **3.5 Collection of Margins**

Aforesaid margins are computed at a client level and collected/adjusted upfront from the liquid assets of the Clearing Members on an on-line, real time basis.

Members are required to collect initial margins from their client/constituents on an upfront basis. It is mandatory for all clearing/trading members to report details of such margins collected to ICCL. The procedure for reporting of margins has been detailed separately.

### **3.6 Client Margin Reporting**

Trading Members and Clearing Members of ICCL are required to report margin collected from their Clients and Trading Members (for proprietary account positions of

Trading Members) and from their Custodial Participant (CP) Clients respectively through Margin File upload utility.

For this purpose, Trading Members and Clearing Members need to download the BFX\_MGTM\_ <Member Code >\_<DDMMYYYY>.CSV and BFX\_MGCM\_< Member Code >\_<DDMMYYYY>.CSV file and fill-in the margin collection amount and upload the same before 11 00 p.m. on T+5 (i.e. 5<sup>th</sup> working day from T day) through the Extra-Net Module. After successful uploading a response file shall be generated.

Clearing Members may further note that non-reporting/short collection/non-collection of margins attract fines/penalties as per below structure prescribed by SEBI.

**Penalty structure for non-reporting/short collection/non-collection of margins by Clearing Members in Equity Derivatives Segment**

The following penalty is levied in case of non-reporting/short collection/non-collection of margins by Clearing Members per instance.

“a”	Per day Penalty as % of “a”
(< Rs 1 lakh) And (< 10% of applicable margin)	0.5 %
(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1.0%

Where a = non-reporting/short-collection/non-collection of margins per TM/CP per day

- If short/non-collection of margins for a TM/CP continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount is levied for each day of continued shortfall beyond the 3rd day of shortfall.
- If short/non-collection of margins for a TM/CP takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount is levied for each day, during the month, beyond the 5th day of shortfall.
- Notwithstanding the above, if short collection of margin from TM/CP is caused due to movement of 3% or more in the Sensex (close to close) on a given day, (day T), then, the penalty for short collection is imposed only if the shortfall continues to T+2 day.
- All instances of non-reporting amount to 100% short collection and the penalty as applicable is charged on these instances in respect of short collection.
- If during inspection it is found that the Clearing Member has reported falsely the margin collected from the TM/CP, the Clearing Member is penalized 100% of the falsely reported amount along with suspension of trading for 1 day in that segment.
- The penalty in respect of non-reporting/short-collection/non-collection of TM/CP margins in Equity Derivatives Segment will be done within 10 working days of the month.



### **3.7 Maintenance of Capital Cushion**

For the purpose of monitoring members having high capital utilisation, the following methodology or such other methodology as may be specified by the relevant authority from time to time is adopted to encourage members to hold capital cushions

- At the end of each calendar month, Clearing members who have exceeded 90% of utilization of capital/limits during the day for more than 7 days in the current month shall be identified.
- In derivatives segment, the utilisation is monitored after considering initial margins, extreme loss margins and premium.
- The capital requirement to bring the utilisation to a level of 85% at the time of violating the trigger point of 90% on each of those occasions shall be noted for the members. The highest of such amounts for the identified members during the month is called for as additional capital.
- The requirement is communicated to Clearing Members on the first day of the subsequent month.
- The Clearing Members is provided a time limit of three working days to provide the amount of additional capital in the form of Cash, FDRs and Bank Guarantees only.
- The additional capital so collected is retained with ICCL for a period of one calendar month.
- No benefit including exposure, margin etc is available to the Clearing Member on the amount of additional capital so collected.
- In case of non- payment of additional capital within the stipulated time limit a penalty as applicable for funds shortage is levied for the period of default.
- In case a Clearing Member is liable to provide additional capital in the subsequent month, the amount of additional capital is recomputed and the excess /deficit is refunded /called for.

### **3.8 Cross Margining**

As per SEBI Circular Ref No SEBI/DNPD/Cir- 44 /2008 dated December 02, 2008 on the cross margining benefit across Exchange traded Equity (Cash) and Exchange traded Equity Derivatives (Derivatives) segments is provided to all categories of market participants.

The salient features of the cross margining facility are detailed below:

#### **3.8.1. Positions eligible for cross-margin benefit**

The positions of clients in both the cash and derivatives segments to the extent they offset each other are considered for the purpose of cross margining as per the following priority

1. Index futures position and constituent stock futures position in derivatives segment
2. Index futures position in derivatives segment and constituent stock position in cash segment
3. Stock futures position in derivatives segment and the position in the corresponding underlying in cash segment

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

The positions in the derivatives segment for the stock futures and index futures shall be in the same expiry month to be eligible for cross margining benefit.

### **3.8.2 Computation of cross margin**

- To begin with, a spread margin of 25% of the total applicable margin on the eligible off-setting positions, as mentioned above, is levied in the respective cash and derivative segments.
- Cross margining benefit is computed at client level on an online real time basis and provided to the trading member / clearing member / custodian, as the case may be, who, in turn, pass on the benefit to the client. For institutional investors, however, the cross margining benefit is provided after confirmation of trades.
- The computation of cross margining benefit is done at client level on an online real time basis and provided to the trading member / clearing member / custodian, as the case may be, who, in turn, shall pass on the benefit to the respective client.
- For institutional investors the positions in Capital market segment is considered only after confirmation by the custodian on T+1 basis and on confirmation by the clearing member in Derivatives segment.
- The positions in the Capital market and Derivatives segment is considered for cross margining only till time the margins are levied on such positions.
- While reckoning the offsetting positions in the Capital market segment, positions in respect of which margin benefit has been given on account of early pay-in of securities or funds is not be considered.

### **3.9 Minimum Percentage for Margins on Futures Contracts**

The minimum margin percentage on index futures shall be 5% which shall be scaled up by look ahead period as may be specified by the Clearing Corporation from time to time.

The minimum margin percentage on stock futures shall be 7.5% which shall be scaled up by look ahead period as may be specified by the Clearing Corporation from time to time. Additionally, if the mean impact cost of a security exceeds 1%, the minimum margin percentage in such underlying shall be scaled by square root of three.

### **3.10 Payment of margins**

The initial and exposure margin shall be payable upfront by the clearing members. Members are required to collect initial margins from their client/constituents on an upfront basis.

Members are required to collect initial margins from their client/constituents on an upfront basis. It is mandatory for all clearing /trading members to report details of such

margins collected to the Clearing Corporation.

Amount of liquid networth of a clearing member utilised towards exposure margins arising out of open positions of trading members/clients, clearing and settling through them, may be recovered from such trading members/clients.

### **3.10.1 Provisions in respect of 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 may:

- i. Hold the positions in the cross margin account till expiry in its own name
- ii. Liquidate the positions / collateral in either segment and use the proceeds to meet the default obligation in the other segment.
- iii. In addition to the foregoing provisions, take such other risk containment measures or disciplinary action as it may deem fit and appropriate in this regard.

### **3.11 Risk Reduction Mode**

All Trading Members are put in Risk Reduction Mode (RRM), when collateral / trading limit utilization of member exceeds 90%. Following features shall be applicable during Risk Reduction Mode -

1. All unexecuted orders shall be cancelled.
2. Fresh orders which reduce open position shall be accepted.
3. Fresh orders which increase open position shall be checked for margin sufficiency. If sufficient margin is not available, such orders shall be rejected.
4. Fresh orders can be placed for immediate or cancel (IOC) only.
5. Members shall be moved back to normal mode once collateral utilization is reduced below 85%.



## **4. SECURITIES TRANSACTION TAX**

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

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

### **4.1 Computation of STT**

- The STT is applicable on all sell transactions for both futures contracts and option contracts and is calculated at the end of each trading day.
- The transaction subject to STT is identified based on the client code placed by the members at the time of order entry on the trading system of the Exchange and as may be modified by the member using the client code modification facility provided by the Exchange within the prescribed time. Members need to exercise extreme caution while entering the client code at the time of order entry. The sell transactions for each client code for a trading day is aggregated at contract level.
- The computation of STT value is based on (a) value of actual traded price in case of each futures trade (b) the value of premium in case of option trade and (c) settlement price on the day of exercise, in case of final exercise of an option contract if the option contract.
- The contract note should specify the total securities transaction tax for the transactions mentioned therein.
- The STT rates and its applicability is based on the directives issued by the relevant authority from time to time.

### **4.2 Collection of STT**

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

## 5. CLEARING & SETTLEMENT

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

The Clearing and Settlement is done on a multilateral netting basis as per the settlement obligations of the respective clearing members. Equity Derivatives contracts are cash settled. The Clearing Members are responsible for all obligations, inter alia, including the payment of margins, penalties, any other levies and settlement of obligations of the trades entered by them as trading members and also of those trading members and custodial participants, if any, for whom they have undertaken to settle as a Clearing Member.

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

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

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

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

## **Auto Take-up process**

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

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

## **Manual Take-up process**

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

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

All other norms/requirements pertaining to Give-up/Take-up of trades would remain unchanged.

## **5.1 Settlement Schedule**

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

### **5.1.1 Settlement Period**

The pay-in and pay-out of daily mark to market settlements, premium settlement, final settlement of futures contracts and final exercise settlements of options contracts shall be effected in accordance with the settlement schedule issued by ICCL periodically. The Clearing Members should maintain clear balance of funds in their settlement account with their designated Clearing Bank towards their funds pay-in obligation at the scheduled pay-in time on the settlement day.

The pay-out of funds shall be credited to the receiving Clearing member's clearing account with their designated Clearing Bank.

### **5.1.2. Daily settlement**

The daily mark-to-market settlement and Premium Settlement of Equity derivatives contracts would be settled in cash on T+1 day basis as per the timelines specified by ICCL.

### **5.1.3 Facility of payment of settlement dues on T+0 basis**

Clearing Members can avail the facility of payment of settlement dues on a T+0 basis. Accordingly the initial margin in case of such members who avail this facility shall not be scaled up. For availing facility of payment of settlement dues on T+0 basis, Clearing Members shall be required to submit a letter to ICCL as per format enclosed as Annexure - XII. The option once exercised cannot be changed for a minimum period of three months from the date of exercise of such option. For changing the option from T+0 basis to T+1 basis Clearing Members shall be required to submit a letter to ICCL as per the format enclosed as Annexure - XIII. In case Clearing Members who have opted for payment of settlement dues on T+0 basis fail to clear or partially clear the settlement obligations by the stipulated time on T+0 day, then all consequential action as applicable in case of T+1 payment violations will be applicable in case of T+0 payment violations. The pay-out of MTM settlement shall continue to be done on T+1 day basis, or as declared by ICCL from time to time.

### **5.1.4 Final settlement in Equity futures and Equity option contracts**

The final settlement of Equity futures and options contracts are effected on T+1 day basis as per the timelines specified by ICCL. The final settlement date is T+1 day from the last trading day of the contract as specified by the Exchange.

## **5.2 Settlement Price**

**Settlement price for settlement of contracts in the Equity Derivatives segment is specified as under**

### **5.2.1 Daily Settlement Price for mark to market settlement of Equity futures contracts**

The Daily settlement price for futures contracts shall be the closing price of such contracts on the trading day. The closing price for a futures contract shall be calculated on the basis of the last half an hour weighted average price of such contract or such other price as may be decided by the relevant authority from time to time. All positions (brought forward, traded during the day, closed out during the day) of a clearing member in futures contracts, at the close of trading hours on a day, shall be marked to market at the daily settlement price (for daily mark to market settlement) and settled.



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

### **Theoretical futures price calculation model for Equity Futures**

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

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

Where

F = theoretical futures price

S = value of the underlying index/individual security

r = rate of interest (MIBOR)

t = time to expiration

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

#### **5.2.2 Daily Premium settlement for option contracts**

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

#### **5.2.3 Exercise settlement style for option contracts**

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

Currently option contracts shall be cash settled in Equity Derivatives Segment. The open positions of index option contracts and option on individual securities contracts shall cease to exist after its expiration day.

#### **5.2.4 Final Settlement Price for futures contracts and exercised option contracts**

Final settlement price for futures contract and option contract shall be the closing price of the relevant underlying index/security in the normal market of the Capital Market segment of the Stock Exchange on the last trading day of such futures contract. The closing price of the relevant underlying security is calculated on the basis of the last half an hour weighted average price of the relevant underlying security or such other price as may be decided by the relevant authority from time to time. All positions (brought forward, traded during the last day, closed out during the last day) of a clearing member in futures contracts, at the close of trading hours on the last trading day of the contract, are marked to market at final settlement price (for final settlement) and settled.

### **5.3 Settlement Process**

## **The settlement process in Equity Derivatives segment shall be as under**

### T+1 Settlement:

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

### T+0 Settlement:

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

## **5.4 Clearing Bank**

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

### **5.4.1 Operation of settlement Account**

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

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

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

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

## **5.4.2 Procedure for change in designated Clearing Bank**

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

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

## **6. SETTLEMENT OBLIGATIONS**

### **6.1 Settlement of Deals**

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

It shall be the responsibility of the clearing members with regard to all the obligations arising out of such trades including the payment of margins, penalties, any other levies

and settlement of obligations of the trades entered by them as trading members and also of those trading members and custodial participants, if any, for whom they have undertaken to settle as a clearing member.

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

## **6.2 Custodial Participant**

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

## **6.3 Confirmation of trades entered by custodial participants**

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

## **7. SETTLEMENT PROCEDURE**

### **7.1 Daily mark to market settlement and final settlement for futures contract**

Daily mark to market settlement and final settlement in respect of deals in futures contracts shall be cash settled by debit/ credit of the clearing accounts of clearing members with the respective clearing bank.

At the close of trading hours on a day, all positions (brought forward, created during the day, closed out during the day) of a clearing member in futures contracts, shall be marked to market at the daily settlement price (for daily mark to market settlement) and settled.

All positions (brought forward, created during the day, closed out during the day) of a clearing member in futures contracts, at the close of trading hours on the last trading day of the contract, shall be marked to market at final settlement price (for final settlement) and settled.

Open positions in a futures contract shall cease to exist after its expiration day.

### **7.2 Premium settlement for option contracts**

Premium settlement in respect of deals in options contracts on index and on individual securities shall be cash settled by debit/ credit of the clearing accounts of clearing members with the respective clearing bank.

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

### **7.3 Exercise settlement for option contracts**

#### **7.3.1 Index options**

Exercise style of index option contracts shall be European style wherein all in-the-money contracts shall get automatically exercised on the expiry day. Exercise settlement shall be effected for all in-the-money option contracts on the last trading day of an option contract. Long positions at in-the money contracts shall be assigned to short positions in option contracts with the same series on a random basis.

Exercise settlement in respect of admitted deals in index option contracts shall be cash settled by debit/ credit of the clearing accounts of the relevant clearing members with the respective clearing bank.

Index option contracts, which have been exercised, shall be assigned and allocated to clearing members at the client level with the same series.

Open positions, in an index option contracts, shall cease to exist after its expiration day.

### **7.3.2 Options on individual securities**

Exercise style of option contracts on individual securities shall be European style wherein all in-the-money contracts shall get automatically exercised on the expiry day. Exercise settlement shall be effected for all in-the-money option contracts on the last trading day of an option contract. Long positions at in-the money contracts shall be assigned to short positions in option contracts with the same series on a random basis. Option contracts, which have been exercised, shall be assigned and allocated to clearing members, at the client level on a random basis.

#### **7.3.2.1 Final exercise settlement**

Final exercise settlement shall be effected for all in-the-money option contracts on the last trading day of an option contract. Long positions at in-the money strike prices shall be assigned to short positions in option contracts with the same series at the client level on a random basis.

Exercise settlement may be cash settled or delivery settled, in accordance with SEBI guidelines. Currently option contracts shall be cash settled in Equity Derivatives Segment, by debit/ credit of relevant clearing accounts of relevant clearing members with the respective clearing bank towards the exercise settlement value for each unit of the option contract.

Open positions, in option on individual securities contracts, shall cease to exist after exercise or on expiration day as the case may be.

## **8. FOREIGN PORTFOLIO INVESTORS (FPIs) AND MUTUAL FUNDS (MF)**

### **8.1 Category I & II FPIs and MF Position limits in index options contracts**

Category I & II FPIs and MF position limit in all index options contracts on a particular underlying index shall be Rs.500 crores or 15 % of the total open interest of the market in index options, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index.

### **8.2 Category I & II FPIs and MF Position limits in index futures contracts**

Category I & II FPIs and MF position limit in all index futures contracts on a particular underlying index shall be Rs.500 crores or 15 % of the total open interest of the market in index futures, whichever is higher. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

### **8.3 Additional exposure in equity index derivatives**

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

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

In this regard, if the open position of a Category I & II FPIs/MF exceeds the limits as stated in item no. 8.2 or 8.3, such surplus would be deemed to comprise of short and long positions in the same proportion of the total open positions individually. Such short and long positions in excess of the said limits shall be compared with the Category I & II FPIs/MFs holding in stocks, cash etc. as stated above.

### **8.4 Category I & II FPIs and MF Position limits on individual securities**

1. For stocks having applicable market-wide position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

For stocks having applicable market-wide position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit shall be 20% of applicable MWPL and stock futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores whichever is lower.

## **8.5 Computation of Position Limits**

The position limits shall be computed on a gross basis at the level of a Category I & II FPIs/MF and on a net basis at the level of individual sub-accounts/schemes and proprietary positions. The open position for all derivative contracts would be valued as the open positions multiplied with the closing price of the respective underlying security/index in the normal market of the Equity Cash segment of BSE.

## **8.6 Category III FPI Position Limits**

### **Futures and Option contracts on individual securities**

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

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

OR

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

## **9. CORE SETTLEMENT GUARANTEE FUND**

### **9.1 Core Settlement Guarantee Fund**

A Core Settlement Guarantee Fund (Core SGF) shall be maintained in respect of the Equity Derivatives 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 Equity Derivatives Segment which shall be subject to the following:

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

## **9.2 Contribution towards Core Settlement Guarantee Fund**

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

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

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.

## **10. ADJUSTMENT FOR CORPORATE ACTIONS**

### **10.1. Adjustment for Corporate Actions**

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

### **10.2. Time of Adjustment**

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

### **10.3. Adjustment**

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

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

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

### **10.4. Corporate actions to be adjusted**

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

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

### **10.5. Methodology for adjustment**

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

### **10.5.1 Bonus, Rights, Stock Splits and Consolidations**

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

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

#### **10.5.1.1 Bonus**

Ratio – A:B

Adjustment factor  $(A+B)/B$

#### **10.5.1.2 Rights**

Number of Existing shares = A

Rights Entitlement

(Rights to subscribe) = B

Total Entitlement = A+B

Underlying close price on the last cum date = P

Issue price of the rights = S

Benefits per share = E

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

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

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

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

#### **10.5.1.3 Stock Splits and Consolidations**

Ratio – A:B

Adjustment factor -  $A/B$

### **10.5.4 Adjustment in case of fractions**

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

1. Compute value of the position before adjustment
2. Compute value of the position taking into account the exact adjustment factor
3. Carry out rounding off for the strike price and market lot
4. Compute value of the position based on the revised strike price and market lot

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

### **10.5.5 Merger**

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

### **10.5.6 Dividends**

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

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

### **10.5.7 Other corporate actions**

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

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



## 11. VIOLATIONS & PENALTIES

### Penalty for trading limit violations

Description*	Instances of trading limit violations in a calendar month	Penalty
For violation of trading limits (assigned by Clearing member) by trading member.	1st instance	0.07% per day
	2nd to 5th instance of disablement	0.07% per day + Rs. 1,000/- per instance from 2nd to 5th instance
	6th to 15th instance of disablement	0.07% per day + Rs. 4,000/- (for 2nd to 5th instance) + Rs.2,000/- per instance from 6th to 15th instance
	16th instance onwards	0.07% per day + Rs.24,000/- (for 2nd to 15th instance) + Rs.2,000/- per instance from 16th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

Clearing Members shall collect the penalty amounts from their respective Trading Members and remit the same to ICCL.

\* The instances as mentioned above refer to all instances of violations of trading limits during trading hours in a calendar month.

## 12. ANNEXURES

### Annexure – I

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

Date

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

Dear Sir,

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

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

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

Yours faithfully,

Authorised Signatory

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



**Annexure – II**  
**Fixed Deposit Receipts (FDRs) Confirmation by Bank**

**(Format of letter to be submitted by the concerned bank along with the instrument)**

*(Bank's Letter Head)*

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

Dear Sir,

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

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

We hereby confirm that,

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

Yours faithfully,

For ..... (Bank) .....

Authorised Signatory (with Bank's stamp)

**Annexure – III**  
**Renewal of Fixed Deposit Receipts (FDRs) by Bank**

*(Bank's Letter Head)*

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

Dear Sir,

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

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

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

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

We hereby confirm that,

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

Yours faithfully,  
For ..... (*Bank*) .....

Authorised Signatory (with Bank's stamp)

**Annexure – IV**

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

Date

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

Dear Sir,

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

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

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

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

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

Yours faithfully,

Authorised Signatory

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

**Annexure – V**

*(on letter head of the bank )*

Date : DD/MM/YYYY

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

**Re. : New Bank Guarantee/s for various segments of BSE with ICCL**

Dear Sir,

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

<b>Bank Guarantee No.</b>	<b>Expiry Date</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

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

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

**BG No. :** \_\_\_\_\_

**BG Date :** \_\_\_\_\_

From:

<b>Insert Name</b>
<b>&amp;</b>
<b>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.

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

WHEREAS:

- (i) **(Delete inapplicable portion >>>>)** Mr./Ms./M/s. \_\_\_\_\_, an individual / a sole proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / the Companies Act, 1956, having his / her / its Registered Office at .....  
..... is a Clearing Member of ICCL for various segments of BSE (**BSE Segments**) having Clearing No. ...., hereinafter referred to as "**Clearing Member**" (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include his / her / its successors, administrators and permitted assigns);
- (ii) As per the Rules, Bye-laws and Regulations of the Indian Clearing Corporation Ltd ("**ICCL**")/BSE Ltd ("**BSE**") and in pursuance of various notices/circulars issued by the Securities and Exchange Board of India ("**SEBI**")/RBI/ICCL/BSE, all its Clearing Members are required to maintain with ICCL, collateral towards the /Additional Capital

**BG No. :** \_\_\_\_\_

**BG Date :** \_\_\_\_\_

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

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

**IT IS HEREBY AGREED BY THE BANK AS UNDER:-**

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

**BG No. :** \_\_\_\_\_

**BG Date :** \_\_\_\_\_

Member of his / its requirements, engagements, commitments, operations, obligations or liabilities arising under the Rules, Bye-laws and Regulations and/or pursuant to

instruction/direction issued by ICCL in relation to BSE Segments. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling all or any obligations or liabilities of the Clearing Member.

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

**BG No. :** \_\_\_\_\_

**BG Date :** \_\_\_\_\_

7. The Bank undertakes to pay to ICCL, the amount hereby guaranteed within forty eight hours (excluding any holidays or bank strike) of being served with a written notice requiring the payment of the amount to the Branch Manager of the Bank's Branch office address stated hereinabove or to such other address as ICCL may be aware of either by hand delivery or by Registered Post or by Speed Post or by Courier Service.

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

9. The Bank irrevocably agrees that this guarantee shall not be avoided, released or prejudicially affected and the Bank shall not be discharged from its liability hereunder to ICCL by reason of the aforesaid or by reason of any act or omission by ICCL, the legal consequence whereof may be to discharge the Clearing Member and/ or the Bank or by any act or omission by ICCL which would, but for this provision, be inconsistent with the Bank's right as a surety. The Bank agrees that this guarantee shall remain valid and enforceable notwithstanding any forbearance or delay in the enforcement of the terms of the contract between the Bank and Clearing Member or of ICCL's Rules, 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.

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

**BG No. :** \_\_\_\_\_

**BG Date :** \_\_\_\_\_

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

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

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



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

Executed at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

**For \_\_\_\_\_ (Bank)**

\_\_\_\_\_ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank

**Annexure – VI**

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

Date

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

Dear Sir,

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

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

Yours faithfully,

Authorised Signatory

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

## Annexure – VII

### Format of renewal of Bank Guarantee

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

**BG No.** \_\_\_\_\_.

**BG Date** \_\_\_\_\_.

From

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

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

To

Indian Clearing Corporation Ltd. (ICCL)  
(BSE Equity Derivatives 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).

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

Yours truly,

For (*bank name*)

\_\_\_\_\_ Branch

Authorized Signatories

## Annexure – VIII

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

Date

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

Dear Sir,

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

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

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

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

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

Yours faithfully,

Authorised Signatory

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

## Annexure – IX

### Deed of Pledge

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

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

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

By

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

In favour of

**Indian Clearing Corporation Limited**, a company incorporated under the Companies Act, 1956 and having its registered office at 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 Equity Derivatives Segment of BSE LTD.; and
- (ii) As per the Rules, Bye-laws and Regulations of the ICCL and in terms of the notices/circulars issued by ICCL/SEBI in this regard, all Clearing members of the BSE Equity Derivatives Segment of ICCL ( hereinafter referred to as “**ICCL-BSE Equity Derivatives Segment**”) shall maintain with ICCL liquid Assets in the form of Cash/Fixed Deposit with banks/Bank Guarantees/approved Securities

after applying suitable haircut/margins, as prescribed by the ICCL-BSE Equity Derivatives Segment from time to time; and

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

#### **NOW, THIS DEED OF PLEDGE WITNESSETH AS FOLLOWS**

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

Derivative Segment arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/them as per the Rules, Bye-laws and Regulations of the ICCL.

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



- he/they remain liable to ICCL – BSE Equity Derivative Segment, in any manner, without the prior written permission of the ICCL – BSE Equity Derivative Segment.
6. The Clearing Member agrees that he/they shall also similarly pledge all corporate actions/benefits in respect of the Said Securities if the depository/custodian does not automatically pledge the same.
  7. The Clearing Member agrees, declares, and undertakes that he/they shall be bound and shall abide by the terms and conditions of the scheme for the deposit of securities as formulated and determined by the ICCL – BSE Equity Derivative Segment, for security towards liquid assets and/or additional liquid assets, either in their existing form or as modified/amended from time to time.
  8. The Clearing Member is aware and agrees that in accordance with the Rules, Bye-laws & Regulations of the ICCL and Bye-law 5.1 in particular, the Said Securities shall be subject to a first and paramount lien for any sum due to the ICCL and all other claims against the Clearing Member for fulfillment of engagements, obligations and liabilities of Clearing Members arising out of or incidental to any Dealing made subject to the Bye-Laws, Rules and Regulations of ICCL.
  9. If in the opinion of ICCL – BSE Equity Derivative Segment, the Clearing Member has failed to perform and/or fails to fulfill his/their engagements, commitments, operations, obligations or liabilities as a Clearing Member of ICCL – BSE Equity Derivative Segment arising out of or incidental to any dealings made by him/them in accordance with the Rules, Bye-laws and Regulations of the ICCL, then the Clearing Member agrees that the ICCL – BSE Equity Derivative Segment as a pledgee, on giving one working 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 – BSE Equity Derivative Segment may deem fit and that the money, if any, realised from such pledge/sale/disposal/ or other transfer of the Said Securities shall be utilised/dispensed by the ICCL – BSE Equity Derivative Segment in such manner and subject to such terms and conditions as ICCL – BSE Equity Derivative Segment may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute such documents as are necessary to enable the ICCL – BSE Equity Derivative Segment to effect such pledge/sale/disposal/ or other transfer of the Said Securities. The decision of the ICCL – BSE Equity Derivative Segment as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member agrees that one working day notice mentioned above shall be deemed to be a reasonable notice.
  10. All dividends/interests hereinafter declared on or payable with respect to any approved securities during the term of the Deed will be immediately delivered to the ICCL – BSE Equity Derivative Segment to be held under this Deed of Pledge. Notwithstanding this Deed of Pledge, so long as the Clearing Member owns the securities and no event of default has occurred in fulfilling its obligations or liabilities, the Clearing Member will be entitled to vote any shares comprising the collateral, subject to any proxies granted by the Clearing Member, if law permits.
  11. In the event that during the term of this Deed of Pledge, any stock dividend, reclassification, readjustment, stock split or other change is declared or made with respect to the collateral, or if warrants or any other rights, options or securities are issued in respect of the collateral (the '**Additional Securities**') then all new, substituted and/ or additional shares or other securities issued by reason of such

- change or by reason of the exercise of such warrants, rights, options or securities, if delivered to the Clearing Member, immediately surrendered to ICCL, will be pledged to the ICCL – BSE Equity Derivative Segment to be held under the terms of this Deed of Pledge as and in the same manner as the collateral is held hereunder.
12. Until all obligations and liabilities of the Clearing Member are fulfilled and under this Deed of Pledge have been satisfied in full, all collateral will continue to be held in pledge under this Deed of Pledge.
  13. The Clearing Member shall, at the request of the ICCL – BSE Equity Derivative Segment, execute and deliver such further documents and take such further actions as ICCL – BSE Equity Derivative Segment shall reasonably request to perfect and maintain the security interest of the ICCL – BSE Equity Derivative Segment in the collateral, or in any part thereof.
  14. This Deed of Pledge will inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.
  15. The Said Securities pledged as security shall be available at the disposal of ICCL – BSE Equity Derivative Segment as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of the ICCL – BSE Equity Derivative Segment, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by the ICCL – BSE Equity Derivative Segment, but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.
  16. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by ICCL – BSE Equity Derivative Segment for the purpose of giving effect to the provisions of this Deed and the scheme for the deposit of securities.
  17. The Clearing Member agrees that deposit of the Said Securities and pledge thereof shall not be affected in any manner whatsoever if ICCL – BSE Equity Derivative Segment takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.
  18. The Clearing Member agrees that ICCL – BSE Equity Derivative Segment shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities shall be in the possession of the ICCL – BSE Equity Derivative Segment or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified ICCL – BSE Equity Derivative Segment of ICCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against ICCL – BSE Equity Derivative Segment in respect of any acts, matters and things lawfully done or caused to be done by the ICCL – BSE Equity Derivative Segment of ICCL in connection with the Said Securities or in pursuance of the rights and powers of ICCL – BSE Equity Derivative Segment under this Deed.

19. The Clearing Member shall be released from its obligations/liabilities/commitments under this Deed only when ICCL – BSE Equity Derivative Segment in writing expressly provides for the same.
20. The Clearing Member agrees that ICCL – BSE Equity Derivative Segment shall be entitled to sell, dispose of or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that ICCL – BSE Equity Derivative Segment shall be entitled to receive from the Clearing Member all expenses incurred by the ICCL – BSE Equity Derivative Segment custodian/ depository participant for the aforesaid purposes.
21. The Clearing Member undertakes that the deposit of the Said Securities and pledge thereof shall be binding on him/them as continuing and that the same shall not be prejudiced by his/their failure to comply with the Rules, Bye-laws or Regulations of the ICCL in their existing form or as modified/altere/ amended from time to time.
22. No change whatsoever in the constitution of the Clearing Member during the continuance of this Deed shall impair or discharge the liability of the Clearing Member hereunder.

## SCHEDULE

.....

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

Signed, sealed and delivered by the within named Clearing Member

Mr. / M/s -----

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

1.

2.

### *Note*

***(Signature and stamp in all pages by)***

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

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

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

## Certified True Copy of Board Resolution

(On Company's Letter Head)

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

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

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

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

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

The following are the Authorized Signatories

NAME	DESIGNATION	SIGNATURE

Certified to be True Copy

For \_\_\_\_\_

Place

Director  
(Signature and Company Stamp)

Date

## Annexure – X

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

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

Process for depositing G-Sec/T-Bills:

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



## Annexure II

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

(To be typed on Member's letter head)

(ICCL – BSE Equity Derivatives Segment)

Date:

To,  
Indian Clearing Corporation Ltd (ICCL)  
Mumbai

Dear Sir / Madam,

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

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

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

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

Thanking you,

Yours faithfully,

Authorised Signatory

**Annexure – XA**

**FORM - XIV**

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

**NOTICE OF PLEDGE/HYPOTHECATION/LIEN OF GOVERNMENT  
SECURITIES**

To, The Regional Director Reserve Bank of India Public Debt Office .....	To, The Manager, Name of CSGL A/c Holder Address: ..... .....	To, The Manager Indian Clearing Corporation Ltd. Address: ..... .....
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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 Ledger Account No.	Date of maturity	Face value of security

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

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

For Office use only:

**Return Memo**

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

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

Authorised Officer

**Confirmation**

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

Authorised Officer

**Annexure – XB**

**FORM - XVI**

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

**CANCELLATION OF PLEDGE/HYPOTHECATION/LIEN**

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

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

Yours faithfully,

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

Mailing address: .....

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

\*: Strike out whichever is not applicable

**Schedule 'A'**

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

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

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

For Office use only:

**Return Memo**

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

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

Authorised Officer

**Confirmation**

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

Authorised Officer

**Annexure – XI**

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

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

**BG No.** \_\_\_\_\_.

**BG Date** \_\_\_\_\_.

From

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

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

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

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

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

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

Executed at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

**For \_\_\_\_\_ (Bank)**

\_\_\_\_\_ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank.

**Annexure – XII**

**Payment of Settlement Dues on T+0 basis**

(On letter head of Clearing Member)

Date

Clg. No. \_\_\_\_\_

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

Dear Sirs,

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

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

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

Kindly do the needful.

Thanking you,

Yours faithfully,

\_\_\_\_\_  
(Authorised Signatory)  
STAMP OF MEMBER

**Annexure – XIII**

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

(On letter head of Clearing Member broker)

Date

Clg. No. \_\_\_\_\_

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

Dear Sirs,

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

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

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

Kindly do the needful.

Thanking you,

Yours faithfully,

\_\_\_\_\_  
(Authorised Signatory)  
STAMP OF MEMBER

**Annexure – XIV**

**List of Clearing Banks**

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



**Annexure – XV**

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

**Date**

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

Dear Sir,

**Re: Change of Designated Bank for Clearing & Settlement Purpose**

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

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

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

You are requested to please do the needful.

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