

# Indian Clearing Corporation limited

Awareness programme – Margin, Segregation & Short Allocation Reporting



# INDEX

Sr.No	Context	Slide No.
1	Margin Reporting from RTRMS	3
2	Margin Reporting, Peak Margin, Intraday Margin & EOD Margin	4 & 5
3	Short Allocation , Segregation Reporting	6, 7 & 8

# Margin Reporting

## ▪ Peak Margin Computation

SEBI, vide circular SEBI/HO/MRD2/DCAP/P/CIR/2022/60 dated May 10, 2022, Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments.

- The margin requirements to be considered for the intra-day snapshots, derivatives segments (including commodity derivatives), shall be calculated based on the fixed Beginning of Day (BOD) margin parameters.
- The BOD margin parameters would include all SPAN margin parameters as well as ELM requirements.
- The BOD Risk Parameter files are available on ICCL website under the following path:
  - a. Home > Risk Management > Equity Derivatives Segment > Risk Parameter Files
  - b. Home > Risk Management > Currency Derivatives & IRD > Risk Parameter Files
  - c. Home > Risk Management > Commodity Derivatives Segment > Risk Parameter Files

# Margin Reporting (Contd.)

- **Margins to be reported - EOD/ Peak Margin:**
  - All margins levied at the end of day are populated in the EOD margin files and are reportable by the members.
  - For the purpose of computation of peak margin reporting CC disseminates intraday margin files to the members basis on the 4 random snapshots for equity, equity derivatives and currency derivatives segment and 8 random snapshots for commodity derivatives segment.
- **Files Disseminated from CC:**
  - Intraday margin file - UDiFF
  - EOD margin file – UDiFF
  - Margin Reporting file – Existing non-standardized format
- **Process Of Reporting:**
  - Download of margin reporting file from member extranet portal
  - Upload of reporting file on member extranet with actual amounts collected according to the file format
  - Response file disseminated by CC after processing the margins reported vis-à-vis margins levied

# Margin Reporting (Contd.)

- **Reporting Timelines:**

All reportable margins are to be reported by the members within 5 working days from the day of levy of such margins (T+5)

- **Computation of Shortage on Short/Non-Reporting of Margin – Shortage shall be computed as higher of:**

Shortage for EOD Margins = EOD Margin levied – EOD Margin reported

Shortage for Peak Margins = Peak margin levied – Peak margin reported

- **Relevant Circulars** – The latest updated circulars issued by SEBI / ICCL relating to margin reporting and file formats are mentioned below:

- Master circulars issued by SEBI (Equity Cash & Derivatives Segment excluding Commodity) - SEBI | Master Circular for Stock Exchanges and Clearing Corporations - SEBI/HO/MRD2/PoD-2/CIR/P/2023/171
- Master circulars issued by SEBI (Commodity Segment) - SEBI | Master Circular for Commodity Derivatives Segment - SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136

# Collateral Short Allocation Reporting

- Minimum client margin collection requirement less Client collateral value in the segment (only where client margins are greater than client collateral value) shall be considered short allocation. For this purpose, EOD margin reported, or peak margin reported, whichever is higher shall be considered short allocation.
- The maximum amount of short allocation across all snapshots and EOD shall be considered as short allocation.
- The short allocation file for T day shall be posted on member's Extranet Portal on T+1.
- In case of instances of Intraday/ EOD short allocation, members have an opportunity to report amount of client collateral available with permitted reasons. In case of such reporting, penalty will not be applicable.
- Circulars issued by ICCL:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230427-28>

# Collateral Segregation Reporting

- SEBI vide circular SEBI/HO/MRD2\_DCAP/CIR/2021/0598 dated July 20, 2021, introduced collateral segregation reporting with a view to provide visibility of client-wise collateral (for each client) at all levels, viz., TM, CM and Clearing Corporation (CC). A reporting mechanism, covering both cash and non-cash collateral, has been specified by ICCL. Member shall be required to upload segregation reporting on Extranet Portal for T day by T+1 23:59:59 PM.
- The reporting structure shall entail disaggregated information (segment-wise and asset type wise break-up) of each client collateral in the following manner:
  - TM shall report disaggregated information on collaterals up to the level of its clients to the CM.
  - CM shall report disaggregated information on collaterals up to the level of clients of TM and proprietary collaterals of the TMs to the Stock Exchanges (SEs) and CCs in respect of each segment.
  - Circular issued by ICCL:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240318-55>

# Collateral Segregation- Penalty Structure

- In case of non-reporting of collateral segregation reporting by clearing member for client collateral lying with Clearing Corporation/Clearing Member/Trading Member, penalty of 0.5% on the amount of margin reported shall be applicable.
- For this purpose, EOD margin reported, or peak margin reported, whichever is higher shall be considered.
- The penalty file shall be generated on T+6 day and shall be posted on member's Extranet Portal. The nomenclature of the file is as under:

**Colatseg\_CM Code\_ddmmyyyy.csv**

- Circulars issued by ICCL:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20211217-21>

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230509-40>



THANK YOU

