

Department: Inspection	Segment: All
Circular No: MSE/INSP/9444/2020	Date : September 03, 2020

Subject: Levy of penalty for short/ non collection of margin from clients in cash and derivative segments.

To All Members,

This has reference to SEBI circular no. CIR/DNPD/7/2011 dated August 10, 2011, and Exchange circular no. MCX-SX/C&S/619/2011 dated August 11, 2011 regarding Short-collection/Non-collection of client margins (Derivatives Segment).

Attention is also drawn towards SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 read with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/146 dated July 31, 2020 and circular no. MCCIL/ECM/1722/2020 dated July 31, 2020 on Collection and Reporting of Margins by Trading Member (TM) / Clearing Member (CM) in Cash Segment.

Consequent to the implementation of new framework of acceptance of securities as margin by way of pledge / re-pledge mechanism through the depository system effective September 1, 2020, based on the feedback received from the members, there has been a system congestion due to large number of client securities being pledged in TMs/CMs/CCs systems. This has restricted the ability of the members to comply with the requirements of collection of margins.

In view of the same, it has been decided to not levy penalty for client margin short/non collection and reporting in Cash and Derivatives segments. This provision shall be applicable for a period of 15 days i.e. from September 1, 2020 to September 15, 2020 to facilitate a smooth transition for members to the new system.

All members are hereby advised to take note of the same.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Mahendra Choudhari
Asst. Vice President – Inspection

In-case of any query kindly contact Inspection Department on 6112 9000 or mail on compliancemsx@msei.in