

<b>Department: Inspection</b>	<b>Segment: All</b>
<b>Circular No: MSE/INSP/11982/2022</b>	<b>Date : June 23, 2022</b>

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**Subject: Guidelines/Clarifications on Margin collection & reporting**

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To All Members,

This has reference to Exchange circular MSE/INSP/9304/2020 dated July 31, 2020 wherein it was clarified that the members cannot pass on the penalty w.r.t short collection of upfront margin to client. Further, it has been reiterated again vide Exchange circular MSE/INSP/10996/2021 dated October 13, 2021 that members are not permitted to pass on the penalty levied by clearing corporations on account of “short/non-collection of upfront margins” to clients under any circumstances.

In accordance with the above mentioned circulars and in consultation with SEBI that member shall submit an undertaking attached as Annexure A to Exchange on half yearly basis (i.e. April-September and October-March) confirming that penalty levied by clearing corporations on account of “short/non-collection of upfront margins from clients” is not being passed on to respective clients under any circumstances. Further members are requested to note that submission of said undertaking shall be made part of periodic internal audit report and henceforth same shall be provided by member for the applicable period along with internal audit report of said periods to Exchange.

An online facility will be provided to all members to submit the said undertaking. The system for submission of said undertaking through the IAR module of the inspection portal shall be informed to the members through a separate circular, in due course.

Members are requested to take note of the contents of the circular and comply.

**For and on behalf of**  
**Metropolitan Stock Exchange of India Limited**

**Mahendra Choudhari**  
**AVP – Inspection and Membership Department**

In case of any query kindly contact Inspection Department on 6112 9000 or mail on [compliancemsx@msei.in](mailto:compliancemsx@msei.in)

**Metropolitan Stock Exchange of India Limited**

**Undertaking on 'Penalty for Short-collection / Non-collection of client margins'**

I / We, M/s \_\_\_\_\_ (name of the member) hereby confirm that, we have not passed on the penalty levied by clearing corporation on account of "Short collection/ Non-collection of upfront margins" to the clients under any circumstances in accordance with the Exchange circulars MSE/INSP/9304/2020 dated July 31, 2020 and MSE/INSP/10996/2021 dated October 13, 2021.

Further, wherever actual penalties have been passed on for Short collection/Non-collection of margins other than "upfront margins" such as consolidated crystallized obligation, Delivery margins, other margins (Mark-to-market & additional margins), then relevant supporting documents showing short reporting of margins other than "Upfront margins" have been provided to the client and we are maintaining evidence to demonstrate the failure on part of the client.

For M/s  
(Name of proprietor/ firm/ company)

Stamp and Signature

Place:

Date:

Undertaking to be stamped & signed by a designated director only mentioning name.