

Department: Inspection	Segment: All
Circular No: MSE/INSP/13530/2023	Date : May 29, 2023

Subject: Bank Guarantees (BGs) created out of clients' funds

To All Members,

Members' attention is drawn to SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/061 dated April 25, 2023 and Exchange Circular MSE/INSP/13383/2023 dated April 26, 2023 on "Bank Guarantees (BGs) created out of clients' funds".

As per point number 3 of above SEBI Circular, trading members are required to report breakup of BG placed as collateral with Clearing Members on a periodic basis. In view of the same, for the purpose of reporting of BG details to the Exchange, it is clarified as under:

- Members shall be required to report details of Bank guarantee breakup on weekly basis.
- Reporting requirement shall be effective from May 27, 2023 and first submission of this data shall be for the week ended May 27, 2023 to be submitted by next trading day of following week i.e. by May 29, 2023 and for every week thereafter. Data shall be reported for Saturday of each week.
- The reporting requirement shall apply to those **trading members who have created BG in favor of their Clearing Member. The trading member shall not report BG created in favor of Clearing Corporation.**
- The reporting requirement is not applicable to trading members who are self-clearing member as they are required to report to their respective Clearing Corporation as per the applicable guidelines of the respective Clearing Corporation e.g. If member is a trading and self-clearing member in CM segment and only trading member in FO segment, then trading member shall report BGs for FO segment only which are in favor of clearing member.
- The reporting requirement shall not apply to members who do not have Bank Guarantees in favor of Clearing Members. However, such members shall provide one time declaration to Exchange.

Reporting format for submitting the BG breakup to the Exchange shall be as under:

Member Code	Member Name	As on Saturday of the applicable week	Total BG amount (out of clients' funds) as Collateral (A)	Total BG amount (out of Prop funds) as Collateral (B)	Total BG amount as Collateral (C) = (A) + (B) in favor of Clearing member
		DD-MM-YYYY			

Metropolitan Stock Exchange of India Limited

Note:

1. Reporting shall only include BGs of TMs which are in favor of CM. Reporting shall not include those BGs of TMs which are in favor of CC.
2. Reporting should be made on email ID – compliancemsx@msei.in in Excel format (.xls, .xlsx) with subject “TM Code_BG_DDMMYYYY” wherein DDMMYYYY would be last day of the applicable week e.g. “12345_BG_27052023” for week ended May 27, 2023 for TM Code “12345”.
3. File naming convention shall be “TM Code_BG_DDMMYYYY”. e.g. “12345_BG_27052023” for week ended May 27, 2023 for TM Code “12345”.
4. One time declaration as per point (e) mentioned above, shall be provided to Exchange by member that requirement of circular is not applicable as no Bank Guarantee has been created in favor of clearing member. Said declaration shall be provided on email ID - compliancemsx@msei.in with subject “TM Code_OTD_BG”.

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 (022) 6112 9000 or mail on compliancemsx@msei.in

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