

Department: Inspection	Segment: All
Circular No: MSE/INSP/16034/2024	Date : September 24, 2024

Subject: Clarifications on Reporting of Segregation and Monitoring of collateral at Client level Submission

To All Members,

Member's attention is drawn to SEBI circular No. SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021 and Exchange circular No. MSE/INSP/10917/2021 dated September 23, 2021 on segregation and monitoring of collateral at client level wherein members were advised to submit the relevant details, as sought, to their respective Clearing Members in order to enable them to submit the same to Clearing Corporations (CCs). The trading members who are self-clearing members are required to report said data to Clearing Corporations.

In accordance with aforesaid requirement, members are required to report upfront segment-wise allocation of client's collateral to Clearing Corporations in their respective client unique client code (UCC) only.

Exchange has received representations from Broker's Industry Standards Forum (ISF) that since there is no specific Unique Client Code (UCC) stipulated under which unidentified credits/funds received by member are required to be allocated and reported under aforesaid submission, members are unable to allocate and report such unidentified credits/funds received by member lying in suspense account /unidentified credits/any other account maintained by member.

In view of the above representations received from Broker's Industry Standards Forum (ISF) and after consideration of the same by SEBI, members are requested to note followings clarifications:

- Member shall create a designated UCC "SUSPE1234N" on the PAN of member in the back office under which such unidentified/suspense account funds shall be allocated and reported to CCs under aforesaid submission. Member shall keep unidentified credits or suspense account funds upstreamed to clearing corporations.
- Member shall not create said UCC in the UCC database of Exchanges and accordingly, orders should not be permitted by trading members on said UCC.

Members are advised to ensure compliance of aforesaid requirement on or before December 19,2024.

Further, in view of the representations received from Broker's Industry Standards Forum (ISF) and members with respect to reporting of segregation and monitoring of collateral at client level, members are requested to note following clarifications:

Sr. No.	Queries	Clarifications
1	How should member do the reporting on T Day of early pay in of funds made to CC against the settlement obligation (including Offer for Sale amounts to the extent lying with CC on end of the T day) which is due for settlement on upcoming day(s)?	<p><u>Reporting on days prior to Settlement date of such obligations/OFS</u></p> <p>The amount of early payin of funds for settlement obligation (including OFS) should be shown in the column numbered as 46 "Cash placed with CC" instead of column numbered as 22 "Cash Retained</p>

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		<p>by TM" as funds are transferred to CC and not available in bank account of member.</p> <p><u>Reporting on Settlement date of such obligations/OFS</u></p> <p>Not applicable as funds are not available in clear ledger balance of client and used for settlement obligation</p> <p>Example: Client has given Rs. 100 against the trade on T Day which is due for settlement on next day (T+1). Member has made early pay in of said funds to CC on T Day.</p> <p>Reporting on T and T+1 days would be as under assuming no other transaction in client ledger</p> <table border="1" data-bbox="831 869 1441 1122"> <thead> <tr> <th>Particular</th> <th>T Day</th> <th>T+1 Day</th> </tr> </thead> <tbody> <tr> <td>Clear Ledger Balance (Column number 11)</td> <td>100</td> <td>0</td> </tr> <tr> <td>Cash Retained by TM (Column number 22)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Cash Placed with CC (Column number 46)</td> <td>100</td> <td>0</td> </tr> </tbody> </table>	Particular	T Day	T+1 Day	Clear Ledger Balance (Column number 11)	100	0	Cash Retained by TM (Column number 22)	0	0	Cash Placed with CC (Column number 46)	100	0
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2	<p>While reporting peak ledger balance of Reporting date in column numbered as 12 "Peak Financial Ledger Balance (Clear)-C in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP", whether same should be reported after reducing the debit settlement bill of Cash Market, FO,CD and Commodity segment which are due for settlement on the Reporting date ?</p>	<p>No, while reporting peak ledger balance of Reporting date, Member is not required to reduce the debit bill, if any of Cash Market, FO, CD and Commodity segment which are due for settlement on the Reporting date.</p> <p>Example 1: Debit Settlement bill of CM segment due on Reporting date is Rs. 100. Highest Peak ledger balance throughout the day without debiting this bill in ledger is Rs. 500. Highest peak ledger balance throughout the day after posting this debit bill is Rs. 400.</p> <p>In above case, member should report 500 as peak ledger balance for Reporting date.</p> <p>Example 2: Credit Settlement bill of CM segment due on Reporting date is Rs. 100. Highest Peak ledger balance throughout the day without crediting this bill in ledger is Rs. 400. Highest peak ledger balance throughout the day after posting this credit is Rs. 500.</p> <p>In above case, member should report 500 as peak ledger balance for Reporting Date.</p>												

All members are advised to take note of the same and comply



In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on compliancemsx@msei.in.

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

**Praveenkumar Acharya
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