

CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2020/146

July 31, 2020

To,

**All Recognised Stock Exchanges
All Recognised Clearing Corporations**

Dear Sir / Madam,

Subject: Collection and Reporting of Margins by Trading Member (TM) / Clearing Member (CM) in Cash Segment

1. SEBI, vide circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019, issued guidelines with regard to collection of margins from clients and reporting of short-collection / non-collection of margins by Trading Member (TM) / Clearing Member (CM).
2. In view of the representations received from investors, TMs / CMs, stock broker associations, in this regard, following has been decided:
 - 2.1. If TM / CM collects minimum 20% upfront margin in lieu of VaR and ELM from the client, then penalty for short-collection / non-collection of margin shall not be applicable. However, it is reiterated that Clearing Corporation shall continue to collect the upfront margin from the TM / CM based on VaR and ELM.
 - 2.2. The penalty provision for short-collection / non-collection of upfront margin in cash segment shall be implemented with effect from September 01, 2020.
3. SEBI circular dated November 19, 2019 is modified to the extent of the above. All other provisions of the said circular dated November 19, 2019 shall continue to remain applicable.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

**Narendra Rawat
General Manager
Market Intermediaries Regulation and Supervision Department**