Annexure 2

FAQ for Segregation and Monitoring of Collateral at Client Level - Reporting Format

1. **Whether the reporting is applicable to Members who clear proprietary trades and don't deal with clients?**

   Members carrying out only proprietary trading are exempted from reporting.

2. **Are members required to report NIL holding or for Zero balance clients?**

   Members are required to submit details only for those clients who have placed collaterals with the Members.

3. **Reporting is applicable for Monday to Saturday or Monday to Friday?**

   Reporting is applicable for Monday to Saturday. Report for Friday and Saturday shall be uploaded on the next trading day before the cut-off time.

4. **Whether financial Ledger balance-A signify the total collateral in the books of TM/CM for clients?**

   The Financial ledger balance to be reported shall include total funds (cash) including open bills of the client, un-cleared cheques deposited or issued and the margin obligations available in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP. It shall also include the Credit entry on account of EPI and MTM values.

5. **Whether Financial Ledger balance (clear)-B signify the closing collateral in the books of TM/CM for clients?**

   The financial Ledger balance (clear) signifies the funds (cash) in the books after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations.

   Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC.

6. **Which value is required to be reported for Sr.no 12 i.e. Peak Financial Ledger Balance (Clear)-?**

   Peak Financial ledger balance (clear) to be reported is the balance after adjusting open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC. The value to be reported for Peak Financial Ledger Balance (Clear) is the highest net credit balance for the segment during the day.

However, in case there is clear debit balance for the segment, then report lowest net debit balance.

7. **Which amount is required to be reported if segregated balance for client and TM Pro is not maintained in financial ledger balance?**

   The members are required to segregate balances of client and Pro in their financial ledger and report both the balances separately.

8. **Whether the balances to be reported for sr. no. 10 to 12 are the same balances i.e. collateral details currently being submitted by CMs on a weekly basis?**

   Broadly the logic of balances to be reported for sr. no. 10 to 12 are the same ledger balances currently being submitted by CMs on a weekly basis.

9. **Are members required to report debit client's balances?**

   Yes, members are required to report debit balances of clients for sr. no. 10 to 12

10. **Whether collaterals received for OFS be clubbed with CM Segment?**

    OFS segment needs to be reported separately and cannot be clubbed with Cash Market segment.

11. **Are stocks under Margin Trading Facility (MTF) required to be reported?**

    MTF funded stocks need not be reported. However, securities which are considered as collaterals for the purpose of availing MTF needs to be reported under CM segment.

12. **As per the process, Funded and Collaterals stocks under MTF are pledged in favour of broker. Whether the broker needs to report only collateral stocks or funded and Collateral stocks both under Cash segment?**

    MTF funded stocks need not be reported. However, securities which are considered as collaterals for the purpose of availing MTF needs to be reported under CM Segment.

13. **There is no indicator for MTF or NON-MTF balances, should these balances be a part of Financial Ledger Balance A and B?**

    Collaterals placed with Member for availing MTF needs to be reported under CM segment.

14. **Whether CUSA stocks are required to be reported?**

    In case any part of the CUSA is placed as collateral then same shall be reported.

15. **What values are required to be reported in column no 20 Credit entry in ledger in lieu of EPI for clients / TM Pro?**

    Value of EPI which is considered for margin purpose for the day shall be reported under this column.

16. **What values are required to be reported in column no 21 Pool Account for clients / TM Pro?**

    Value of the securities, which are sold and available in the Pool account of the member and considered for margin purpose for the day shall be reported.

17. **In case of Self Clearing Member, whether the collaterals retained by the member are required to be reported under 'retained with TM' columns or 'retained with CM' columns?**

    Self-Clearing Members needs to report the collaterals retained under Column No 22 to 29 'retained with TM' columns.

18. **Please clarify the PAN required to be reported for PAN Exempt clients from Sikkim / Nagaland.**

    For such clients, members are required to enter 'PAN EXEMPT' in the Client PAN column (Column 6) along with UCC Code in Column 9.

19. **NRI clients have more than 1 code for trading. While reporting NRI clients details, whether we need to combine balance across client code and need to report collaterals under single PAN?**

    UCC code wise reporting shall be made for such clients.

20. **Can the fields left blank, or any specific value is to be mentioned such as NA or 0 related to the fields wherever applicable?**

    In case there are fields where no value is available, such fields must be populated with 0 (zero).

21. **What is the appropriate percentage of hair cut to be applied for calculating value of securities?**

    Haircut rates shall be as per the rates prescribed by CCs.

22. **What is meant by Approved securities Cash / Non-Cash component in the reporting format?**

    Clearing Corporation publishes the list of approved securities along with classification of cash/ non-cash component on a monthly basis. Members may be guided by that circular.

23. Whether segregation of collateral is applicable for those clients who have placed securities through pledge – repledge module in favour of Custodian and Custodian has repledged same securities with the Clearing Corporation?

Yes, the circular is applicable for all types of Clearing Members / Custodians

24. What is meant by approved and non-approved securities?

Clearing Corporation publishes the list of approved securities along with classification of cash/ non-cash component on a monthly basis. Members may be guided by that circular. Securities other than approved securities shall be classified as non -approved securities.