Annexure 2

Monitoring of client margin procedure against the client/TM proprietary re-pledge securities

1. MCCIL shall not monitor the real time client level exposure against the available client level collateral and margin requirement and client/TM exposure in respect of day to day real time risk management shall continue to be the responsibility of the clearing member.

2. Real time monitoring of the Clearing members' total margin requirement (aggregated across all clients/clients of TM/Proprietary of TM clearing through clearing member) shall be done against the total available collateral of the Clearing member (Cash and Cash equivalent and clearing members' own securities)

3. Exposures on client/TM proprietary re-pledged securities shall not be available to clearing members. In case of a margin requirement by a client/TM proprietary whose securities are re-pledged with MCCIL the same shall be blocked from client/TM proprietary re-pledge securities, utilisation more than the value of re-pledged securities of that client/TM proprietary will get blocked first from trading member's proprietary limit and then from trading member limit and clearing member available limit.

4. TM proprietary re-pledged shares with MCCIL by clearing member shall be available to be utilized against the margin requirement of proprietary position of TM and also towards the margin requirement of the clients of such TM.

5. MCCIL shall continue to monitor the trading member margin against the limit set by the Clearing Member of such trading member. Margin blocking procedure is explained in below table.

Scenario 1	Margin blocking from client /TM proprietary - Margin will get blocked from client/TM proprietary till the value of re-pledge securities of client/TM proprietary.
Scenario 2	Excess utilisation by client - Utilisation value more that value of re-pledge securities of client will get blocked by TM proprietary limit.
Scenario 3	Excess utilisation by TM proprietary - Utilisation value more that value of re-pledge securities of TM proprietary will get blocked against Trading member limit set by the Clearing member and from the Clearing members' available limit.

6. In case of any margin related query members may contact Risk Team on 022-61129000 (Extension 9071/9990) or send an email at risk@mclear.in