Annexure 1

Process for acceptance of securities as collaterals from demit account of member maintained with any Depository Participant (DP) of NSDL or CDSL

- Clearing Member shall be required to open a separate demat account ("designated account") with any Depository Participant of NSDL or CDSL.
- Clearing Member shall open and maintain demat account for depositing securities in respect of collateral with the clearing corporation under sub-type CM – Client Securities Margin Pledge Account or TM/CM – Client Securities Margin Pledge Account in NSDL (refer NSDL circular no. NSDL/POLICY/2020/0076 dated May 31, 2020) and CM – Client Securities Margin Pledge Account in CDSL (refer CDSL circular no. CDSL/OPS/DP/POLCY/2020/234 dated May 22, 2020).
- The said designated accounts shall be permitted for pledging/ re-pledging of securities across all segments of MCCIL. Further, clearing member shall also ensure that designated account is solely used for the purpose of pledging/ re-pledging of securities in favor of MCCIL. Any other use of designated account shall be treated as non-compliance and member should refrain from doing so.
- The clearing member shall submit the following documents to MCCIL if member wishes to use new facility for pledging of securities in favor of MCCIL.
    - ✓ Covering letter providing details of demat accounts opened in depository as in **Annexure 4**
    - ✓ Client master copy of the designated account received from the depository
    - ✓ Deed of pledge as per the specified format as in **Annexure 5**
    - ✓ Board Resolution with list of authorized signatories authorized to sign the pledge deed
- On submission of necessary documents MCCIL shall enable the designated account for acceptance of pledge and communicate the same to the member.
- Clearing Members shall refer to provisions provided by Depositories with respect to opening the account and creating margin pledge/re-pledge in favour of MCCIL.
- Pledge instructions in respect of approved securities only shall be accepted.
- Details of MCCIL demat account in favour of which the pledge/re-pledge will be created shall be informed separately
- UCC Details, TM Code, CP Code and segment as received in the pledge/re-pledge instructions from depositories shall be considered for allocating such securities towards margin requirement.