

All Segment

November 26, 2021

MCCIL/MEM/2100/2021

Segregation and Monitoring of Collateral at Client Level - Penalty

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Metropolitan Clearing Corporation of India Ltd. ("MCCIL"), members are hereby notified as under.

This is with reference to MCCIL circulars MCCIL/MEM/2032/2021 dated August 23, 2021, MCCIL/MEM/2054/2021 dated September 20, 2021 and MCCIL/MEM/2067/2021 dated October 5, 2021 on the captioned subject.

In consultation with other Clearing Corporations and SEBI, penalty structure as per **Annexure** shall be applicable for the irregularities observed with respect to the daily collateral reporting by the Clearing Members.

Members may please note that the provisions of this circular shall be applicable from trade date December 16, 2021 onwards.

For clarifications, members may contact Member Compliance team on 022-68316600/601/602 or send an email to membercompliance@mcclar.in

For and on behalf of
Metropolitan Clearing Corporation of India Limited

Ganesh Kanaujiya
Senior Manager

Encl:
Annexure

Annexure

Violation 1: Non reporting of data /Incomplete submission

Period	Applicable penalty
Till December 15, 2021	NIL
From December 16, 2021 till March 31, 2022	Collateral reporting is not done by the CM for clients where there exists collateral with the CC/CM/TM In such case, penalty of 0.1% on the amount of margin reported shall be applicable. For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.
April 1, 2022 onwards	Collateral reporting is not done by the CM for clients where there exists collateral with the CC/CM/TM In such case penalty of 0.5% on the amount of margin reported shall be applicable. For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.

Violation 2: Modification of data successfully submitted

Any data successfully **submitted** by clearing members can be modified up to T+3 working days. The penalty for modification of data successfully submitted shall be as follows:

Period	Modifications of data successfully submitted for CM Prop/TM Prop/ CP/Clients with outstanding margin requirements
Till December 15, 2021	NIL
From December 16, 2021 till March 31, 2022	Rs. 250 per entity per instance of modification
April 1, 2022 onwards	Rs. 500 per entity per instance of modification

No modification shall be permitted beyond T+3 working days.

Violation 3: Incorrect data reporting (checked during inspection)

% of the violation in the current inspection (Proportion of the instances with false reporting to the Total sample instances verified)	Penalty As A Percentage (%) Of The False Reporting			
	Observed only in current Inspection	Observed only in 1 out of 3 previous Inspections in addition to the current Inspection	Observed in 2 out of 3 previous inspections in addition to the current Inspection	Observed in all the previous 3 Inspections in addition to the current Inspection
Above 50%	50%	60%	75%	100%
25%-50%	25%	50%	60%	75%
10%-25%	10%	25%	50%	60%
Less than 10%	5%	10%	25%	50%

Along with the monetary penalty, the Member may also be subjected to suspension for one day in the respective segment in case of material instances. The false reporting shall be treated as material for the purpose of suspension, if it meets all the following broad criteria:-

1. Instances of false reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and
2. Percentage of value of false reporting is more than 5% of total margin required to be collected for the instances verified during inspection, and
3. Value of false reporting of margin is more than Rs. 15 lakhs.