



CIRCULAR

SEBI/HO/MRD2/DCAP/P/CIR/2022/60

May 10, 2022

To

All Recognized Stock Exchanges and Clearing Corporations

Dear Sir/ Madam,

**Sub: Changes to the Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments**

SEBI, vide circular [SEBI/HO/MRD2/DCAP/CIR/P/2020/127](#) dated July 20, 2020, prescribed the framework to enable verification of upfront collection of margins from clients in cash and derivatives segments.

2. Further, SEBI, vide circular [SEBI/HO/CDMRD/CDMRD DRM/P/CIR/2021/689](#) dated December 16, 2021, *inter alia*, modified the aforesaid framework prescribed vide said circular dated July 20, 2020, providing for additional snapshots for commodity derivatives segment.
3. Clause (i) of Annexure to the said circular dated July 20, 2020, *inter-alia*, requires Clearing Corporations to send snapshots of client wise margin requirement to TMs/CMs for them to know the intra-day margin requirement per client in each segment.
4. In view of the representations received from market participants and based on deliberations with various stakeholders, it has been decided that the margin requirements to be considered for the intra-day snapshots, in derivatives segments (including commodity derivatives), shall be calculated based on the fixed Beginning of Day (BOD) margin parameters. The BOD margin parameters would include all SPAN margin parameters as well as ELM requirements.
5. There shall be no change in methodology of determination and collection of End of Day (EOD) margin obligation of the client. Also, there shall be no change in the provisions relating to collection and reporting of margins in cash segment.
6. Further, it is clarified that the above mentioned change is only for the purpose of verification of upfront collection of margins from clients. The margin parameters



applicable for collection of margin obligation by Clearing Corporations shall continue to be updated intra-day, as per the extant provisions.

7. SEBI circulars dated July 20, 2020 and December 16, 2021 shall, accordingly, be modified to the above extent. All other provisions of the said SEBI circulars dated July 20, 2020 and December 16, 2021 shall continue to remain applicable.
8. The provisions of this circular shall come into effect from August 01, 2022.
9. Stock Exchanges and Clearing Corporations are directed to:
  - a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
  - b) bring the provisions of this circular to the notice of their members and also disseminate the same on their websites; and
  - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
10. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
11. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) at "Legal Framework→Circulars".

Yours faithfully

(Sudeep Mishra)  
General Manager  
Market Regulation Department  
Email: [sudeepm@sebi.gov.in](mailto:sudeepm@sebi.gov.in)