

Dear Client,

**Sub.: Short-collection/Non-collection of client margins (Equity and/or Currency Derivatives Segments)**

This has reference to a circular no. CIR/DNPD/7/2011 dated August 10, 2011 issued by **Securities and Exchange Board of India (SEBI)** where in it has been stated that “Stock Exchanges shall levy penalty for short collection/ non collection of margins from clients in Equity and Currency Derivatives segments w.e.f. September 01, 2011. As per the above circular, the penalty applicable to your trading account for Equity and/or Currency Derivatives segment will be as follows w.e.f. September 01, 2011:

<b>Margin Shortage per day for each Segment opted by you</b>	<b>Penalty %</b>
(< Rs 1 lakh) And (< 10% of applicable margin)	0.50 %
(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1.00 %

Note:

- 1) If short/non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
- 2) If short/non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.
- 3) Notwithstanding the above, if short collection of margin from clients is caused due to movement of 3% or more in the index (close to close value of Nifty / Sensex for all equity derivatives) on a given day, (T day), then, the penalty for short collection shall be imposed only if the shortfall continues beyond T+1 day.
- 4) W.E.F. September 01, 2011, please ensure proper margins in your trading account for equity and/or currency derivatives segment.

In case of any clarifications, please contact nearest branch.

SEBI circular as mentioned above is reproduced below.

For any clarification/explanation please contact:

Risk Management Department

Marwadi Shares and Finance Ltd.

“Marwadi Financial Plaza”

Off 150 Feet Ring Road, Nanamava Main Road,

Rajkot-360001 (Gujarat)

Phone:+91-281-3011510/11/32, Board Line: +91-281-3011000

Fax: +91-281-30011564

Email: rms.helpdesk@marwadionline.net

Web: www.marwadionline.com



**CIRCULAR**

CIR/DNPD/7/2011

August 10, 2011

To

Managing Director/ Chief Executive Officer

Recognized Stock Exchanges

Dear Sir/Madam,

**Sub: Short-collection/Non-collection of client margins (Derivatives Segments)**

1. In consultation with BSE, MCX-SX, NSE and USE, it has been decided that Stock Exchanges shall levy penalty specified hereunder on trading members for short-collection/non-collection of margins from clients in Equity and Currency Derivatives segments:

<b>For each member</b>	
<b>'a'</b>	<b>Per day Penalty as %age of 'a'</b>
(< Rs 1 lakh) And (< 10% of applicable margin)	0.5
(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1.0

Where a = Short-collection/non-collection of margins per client per segment per day

2. If short/non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
3. If short/non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.
4. Notwithstanding the above, if short collection of margin from clients is caused due to movement of 3% or more in the index (close to close value of Nifty/Sensex for all equity derivatives) and in the underlying currency pair (close to close settlement price of currency futures, in case of all currency derivatives) on a given day, (day T), then, the penalty for short collection shall be imposed only if the shortfall continues to T+2 day.
5. All instances of non-reporting shall amount to 100% short collection and the penalty as applicable shall be charged on these instances in respect of short collection.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

6. If during inspection it is found that a member has reported falsely the margin collected from clients, the member shall be penalized 100% of the falsely reported amount along with suspension of trading for 1 day in that segment.
7. The penalty shall be collected by the Stock Exchange within five days of the last working day of the trading month and credited to its Investor Protection Fund.
8. SEBI shall examine implementation of this circular during inspection of the Stock Exchange.
9. This circular is issued in exercise of the 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.
10. The circular shall come into force from September 1, 2011.
11. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Derivatives- Circulars".

Yours faithfully,

**Sujit Prasad**  
**General Manager**  
**Derivatives and New Products Department**  
**022-2644-9460**  
[sujitp@sebi.gov.in](mailto:sujitp@sebi.gov.in)

**NATIONAL SECURITIES CLEARING CORPORATION LIMITED**  
**FUTURES & OPTIONS SEGMENT**  
**Circular No. 1282**

**Download No: NSE/CMPT/18591**

**August 10, 2011**

Dear Members,

**Sub: Short-collection/Non-collection of client margins (Derivatives Segment)**

Attention of members is drawn to the provisions of SEBI circular ref no CIR/DNPD/7/2011 dated August 10, 2011 regarding Short-collection/Non-collection of client margins (Derivatives Segments). The copy of circular issued by SEBI is enclosed.

The above circular shall be effective from trade date September 1, 2011.

You are advised to take note of the above.

For any further clarifications please contact the following officials of the Clearing Corporation:

Mr. Abhijeet Sontakke, Mr. Onkar Phadnavis & Mr. Sharad Sharma

Phone Nos: 022-26598214 / 64

Fax: 022-26598242

Email: [risk\\_group@nse.co.in](mailto:risk_group@nse.co.in)

Yours Sincerely,

For National Securities Clearing Corporation Ltd.

Rana Usman

Asst. Vice President

[rusman@nse.co.in](mailto:rusman@nse.co.in)

**NATIONAL SECURITIES CLEARING CORPORATION LIMITED**  
**CURRENCY DERIVATIVES SEGMENT**  
**Circular No. 306**

**Download No: NSE/CD/C&S/18594**

**August 10, 2011**

Dear Members,

**Sub: Short-collection/Non-collection of client margins (Derivatives Segment)**

Attention of members is drawn to the provisions of SEBI circular ref no CIR/DNPD/7/2011 dated August 10, 2011 regarding Short-collection/Non-collection of client margins (Derivatives Segments). The copy of circular issued by SEBI is enclosed.

The above circular shall be effective from trade date September 1, 2011.

You are advised to take note of the above.

For any further clarifications please contact the following officials of the Clearing Corporation:

Mr. Abhijeet Sontakke, Mr. Onkar Phadnavis & Mr. Sharad Sharma

Phone Nos: 022-26598370

Fax: 022-26598242

Email: [risk\\_group@nse.co.in](mailto:risk_group@nse.co.in)

Yours Sincerely,

For National Securities Clearing Corporation Ltd.

Rana Usman

Asst. Vice President

[rusman@nse.co.in](mailto:rusman@nse.co.in)