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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-040/2020

Date : September 23, 2020

Subject : Client Margin Reporting

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Reference is drawn to SEBI circular no. SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020 and NCCL circular no. NCCL/CLEARING-043/2020 dated July 22, 2020 on “Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments” and NCDEX circular no. NCDEX/COMPLIANCE-044/2020 dated July 22, 2020 on “Framework to Enable Verification of Upfront Collection of Margins from Clients”.

NCCL shall send minimum 4 snapshots of client wise margin requirement to Trading Members (TM)/Clearing Members (CM) for them to know the intraday margin requirement per client/TM/Custodial Participant. The snapshots would be randomly taken in pre-defined time windows. Additionally, last snapshot shall be generated at 5 PM. The format of the file containing the intra-day margins are provided in **Annexure 1**.

The client wise margin file (MG-18 / MG-19) provided by NCCL to CMs/TMs shall contain the EOD margin requirements of the client/TM/Custodial Participant as well as the peak margin requirement of the client/TM/Custodial Participant, across each of the intra-day snapshots. The revised file format for MG 18 /MG 19 are provided in **Annexure 2**.

The member shall have to report the margin collected from each client/TM/Custodial Participant, as at EOD and peak Initial margin collected during the day. The revised format for the reporting is provided in **Annexure 3**.

The margins reported shall be compared in the following manner:

- a) EOD margin obligation of the client/TM/Custodial Participant shall be compared with the respective client/TM/Custodial Participant margin available with the TM/CM at EOD.

AND

- b) Peak margin obligation of the client/TM/Custodial Participant, across the snapshots, shall be compared with respective client/TM/Custodial Participant peak margin available with the TM/CM during the day

Higher of the shortfall in collection of the margin obligations at (a) and (b) above, shall be considered for levying of penalty as per the extant framework.

The peak margin obligation of client across snapshots, as mentioned above, shall be adopted in a phased manner, as given below:

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<b>Effective Date</b>	<b>% of Peak margin obligation to be compared with respective peak margin available for computation of shortfall in peak margin</b>
October 01, 2020	Not Applicable
December 01, 2020	25%
March 01, 2021	50%
June 01, 2021	75%
September 01, 2021	100%

The above changes in file formats and reporting formats shall be effective from **October 01, 2020**.

Members and participants are requested to note the above.

For and on behalf of  
**National Commodity Clearing Limited**

Ruchit Chaturvedi  
Head - Risk Management

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For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
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**Annexure 1**
**1. Intraday Margin Report for Trading member ( MARGIN\_REP )**

- **Naming Convention:**  
NCCL\_MARGIN\_REP\_<TRD\_MBR\_ID>\_<YYYYMMDD>\_nn.csv
- This report contains the margins for the client at the snapshot.
- This report will be generated multiple times in a day on each business date for each of the random snap shots.

Sr. No.	Column Name	Data Type	Description/Remarks
1	Date	DATE	
2	Client Code	CHAR[50]	
3	Portfolio based Margin	NUMBER(15,2)	Commodity Futures Portfolio based Margin, Commodity Options Portfolio based Margin and Net Option Value (NOV), Index Futures Portfolio based Margin
4	Net Buy Premium	NUMBER (15,2)	Net Buy Premium
5	Initial Margin	NUMBER (15,2)	Portfolio based margin and Net buy premium
6	Extreme Loss Margin	NUMBER (15,2)	Extreme Loss Margin (Commodity Futures + Commodity Options + Index Futures)
7	Pre-Expiry Margin	NUMBER (15,2)	Pre expiry margin for ( Commodity Futures + Commodity Options)
8	Delivery Margin	NUMBER (15,2)	Delivery Margin
9	Unidirectional Margin	NUMBER (15,2)	Unidirectional Margin
10	Concentration Margin	NUMBER (15,2)	Concentration Margin
11	Adhoc Margin	NUMBER (15,2)	Adhoc Margin (Commodity Futures + Commodity Options + Index Futures)
12	Cash Margin	NUMBER (15,2)	Cash Margin
13	Crystallized Loss Margin	NUMBER (15,2)	Crystallized Loss Margin
14	Mark to Market Profit/Loss	NUMBER (15,2)	Mark to Market Profit/Loss (Commodity Futures + Index Futures)
15	Cli/Prop	CHAR [1]	

## Annexure 2

### 1. Margin Reporting for Clearing Member (MG 18)

- Naming Convention: **NCDEX\_MG18\_<Prime Member Code\_<DDMMYYYY>.LIS**
- This report contains all the margin details including peak Initial margin and Extreme loss margin for each account type level for each Trading Member.
- This report will be generated after close of trading hours on each business date.

Sr. No.	Column Name	Data Type	Description/Remarks
1	Date	Date(12)	Business Date in DD-MON-YYYY Format
2	TM/CP Code	Varchar2(12)	Trading Member/Custodian Participant Code
3	Portfolio based Margin	Number(20,2)	Commodity Futures Portfolio based Margin, Commodity Options Portfolio based Margin and Net Option Value (NOV), Index Futures Portfolio based Margin
4	Net Buy Premium (NBP)	Number(20,2)	Net Options Premium (Payable - Receivable)
5	Initial Margin	Number(20,2)	Portfolio based Margin + Net Buy Premium
6	Extreme Loss Margin	Number(20,2)	Extreme Loss Margin (Commodity Futures + Commodity Options + Index Futures)
7	Pre expiry Margin Futures	Number(20,2)	Pre expiry margin for Futures
8	Pre expiry Margin Options	Number(20,2)	Pre expiry margin for Options
9	Adhoc Margin	Number(20,2)	Adhoc Margin (Commodity Futures + Commodity Options + Index Futures)
10	Delivery Margin	Number(20,2)	Delivery Margin
11	Unidirectional Margin	Number(20,2)	Unidirectional Margin
12	Concentration Margin	Number(20,2)	Concentration Margin (Commodity Futures + Commodity Options + Index Futures)
13	Forward Initial Margin	Number(20,2)	Forward Initial Margin

Sr. No.	Column Name	Data Type	Description/Remarks
14	Forward incremental Margin	Number(20,2)	Forward Incremental Margin
15	Peak Initial Margin	Number(20,2)	Sum of Peak Initial Margin summed up from Client level to the TM level
16	Peak Extreme loss margin	Number(20,2)	Sum of Peak Extreme Loss Margin summed up from Client level to the TM level

## 2. Margin Reporting for Trading Member (MG 19)

- Naming Convention: **NCDEX\_MG19\_<Trading Member Code>\_<DDMMYYYY>.LIS**
- This report contains all the margin details including peak Initial and Extreme Loss margin for each account type linked to such Trading Member.
- This report will be generated after close of trading hours on each business date

Sr. No.	Column Name	Data Type	Description/Remarks
1	Date	Date(12)	Business Date in DD-MON-YYYY Format
2	Client Code	Varchar2(12)	Client Code
3	Portfolio based Margin	Number(20,2)	Commodity Futures Portfolio based Margin, Commodity Options Portfolio based Margin and Net Option Value (NOV), Index Futures Portfolio based Margin
4	Net Buy Premium (NBP)	Number(20,2)	Net Options Premium (Payable - Receivable)
5	Initial Margin	Number(20,2)	Portfolio based Margin + Net Buy Premium
6	Extreme Loss Margin	Number(20,2)	Extreme Loss Margin (Commodity Futures + Commodity Options + Index Futures)
7	Pre expiry Margin Futures	Number(20,2)	Pre expiry margin for Futures

<b>Sr. No.</b>	<b>Column Name</b>	<b>Data Type</b>	<b>Description/Remarks</b>
8	Pre expiry Margin Options	Number(20,2)	Pre expiry margin for Options
9	Adhoc Margin	Number(20,2)	Adhoc Margin (Commodity Futures + Commodity Options + Index Futures)
10	Delivery Margin	Number(20,2)	Delivery Margin
11	Unidirectional Margin	Number(20,2)	Unidirectional Margin
12	Concentration Margin	Number(20,2)	Concentration Margin (Commodity Futures + Commodity Options + Index Futures)
13	Pro/Cli Flag	Number(1,0)	Pro/Client Flag
14	Forward Initial Margin	Number(20,2)	Forward Initial Margin
15	Forward incremental Margin	Number(20,2)	Forward Incremental Margin
16	Peak Initial Margin	Number(20,2)	Peak Initial Margin of Client across each of the intraday snapshots
17	Peak Extreme Loss Margin	Number(20,2)	Peak Extreme Loss Margin of Client across each of the intraday snapshots
18	Peak Snapshot Time	YYYYMMDD-HH:MM:SS	Time stamp of the Peak Margin File of Client across each of the intraday snapshots

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**Annexure 3**

The details of client code wise initial margin, **peak initial margin**, other margin and MTM margin will be made available in NCFE to all members on daily basis. Members have to download file from NCFE and update details as per following file format

Will be provided by the Clearing Corporation							To be updated by member			
A	B	C	D	E	F	G	H	I	J	K
Trade Date 'T'	Member ID / CMID (Note 3)	Client Id / TMID (Note 3)	Initial Margin	Peak Initial Margin	Other Margins	MTM (Profit) / Loss	Initial Margin collected from clients/ TMs	Peak Initial Margin collected from clients/ TMs	Other margins collected from clients/ TMs by 'T+2' day	MTM (Profit)/ Loss collected from clients/ TMs by T+2 day
Date	Member Code	Client Code / TMID	For 'T' Day		For 'T' Day	For 'T' day	Collected from client / TM on 'T' day or prior	Collected from client / TM	Collected from client / TM by 'T+2' day	Collected from client / TM by 'T + 2' day

**Stage 1: Details provided by the Clearing Corporation**

Each row of the file will provide the details of initial margin, Peak initial Margin, other margins and MTM margin for a client code, as per the code entered by the member. For STCM/PCM member, each row of the file will provide the details for a Trading member.

**Stage 2: Details to be updated by member**

Members are required to update amount collected figure at the end of each row (for each client/TM) in the file representing the actual initial margin, Peak initial margin, other margin and MTM margin collected from that client/TM as the case may be.

**Stage 3: Amount of shortfall of margins and penalty**

Based on the details updated by members, the system shall automatically compute the amount of shortfall of margins and penalty levied on such shortfall amount.

Notes:

1. T' is the Trade date
2. Each row of the file provides the details of Initial margin, Peak Initial margin, Other margins and MTM margin as at EOD for a client code, as per the code entered by the member.
3. The STCM/PCM shall be required to report margin collection for its Trading Member (TM). Accordingly, such members have to download file from NCFE and update details in the format mentioned above wherein detail of TMs will be reflected.
4. Initial Margin (Column D) and Peak Initial Margin (Column E) includes Extreme Loss Margin respectively.
5. The amount reflected in the Peak Initial margin column shall be calculated based on applicable % as mentioned below:

<b>Effective Date</b>	<b>% of Actual Peak margin obligation</b>
October 01, 2020	25% *
December 01, 2020	25%
March 01, 2021	50%
June 01, 2021	75%
September 01, 2021	100%

\* This is only for the purpose of enabling the members to report Peak margin collection from their clients for the trade date October 01, 2020 and thereafter. The shortfall in the collection of Peak initial margin shall be considered for the purpose of calculation of penalty for short-collection / non-collection of margins from clients for the trade December 01, 2020 and thereafter.

6. Members are required to update amount collected figure at the end of each row (for each client) in the file representing the actual Initial margin, Peak Initial Margin, Other margin and MTM margin collected from that client as the case may be.
7. These figures for amount collected, appended by the member should not be negative.
8. The initial margin collected from client on 'T' day or prior towards obligation of 'T' day is to be reported in column 'H'.

9. The peak initial margin collected from client on 'T' day or prior towards obligation of 'T' day is to be reported in column 'I'.
10. The other margins collected from clients by 'T+2' days towards obligation of 'T' day is to be reported in column 'J'.
11. The MTM loss will be shown in positive and profit in negative in the above report. MTM loss collected from clients by 'T+2' days towards obligation of 'T' day is to be reported in column 'K'.
12. Members are required to ensure that no information provided by the Clearing Corporation in the above file is modified.
13. The file is to be uploaded in NCFE within 5 working days from 'T' day i.e. members can start reporting from T+1 day and can revise the record till T+5 day.
14. Where multiple times files are uploaded/records modified for a trade day 'T', the information of client margin collected as provided in the latest file would be considered as final. Based on the latest file / updated record, shortfall will be computed.
15. The working day excludes Saturday, Sunday, or a holiday at the Clearing corporation.