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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/CLEARING-042/2023

Date : June 22, 2023

Subject : Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)

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This is with reference to SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 08, 2023 on Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs).

Clearing Members may make note of the following operational procedures:

**A. Placement of FDRs as collateral with NCCL**

The existing provisions and procedure for placement of FDR as collateral with NCCL as specified in our master circular (Circular No. NCCL/CLEARING-031/2023) shall continue to be applicable. Additionally, Clearing Members shall ensure the following while placing FDR as collateral with NCCL

- Clearing Member shall ensure that for all FDRs lien marked to NCCL, NCCL shall have explicit precedence on the FDR funds over every other stakeholder, including over the bank providing the FDR.
- The tenure of FDRs shall not be more than one year, and the FDR should be pre-terminable on demand.
- The principal amount of the FDR shall remain protected throughout the tenure, even after accounting for all possible pre-termination costs.
- Clearing Member shall not avail any funded or non-funded banking facilities based on FDRs created out of clients' funds.
- All Existing FDRs lien marked to NCCL shall have residual maturity of one year.

FDRs not fulfilling the above additional requirements shall need to be released by July 01, 2023.

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**B. Upstreaming via pledge of units of Mutual Fund Overnight Schemes (MFOS):**

- The units of MFOS shall be re-pledged to NCCL only through depository margin pledge / re-pledge mechanism.
- Clearing Members shall re-pledge units of MFOS to NCCL from their existing mapped TMCM Margin pledge accounts.
- The list of MFOS eligible for re-pledge to NCCL shall be published from time to time.
- Existing norms for valuation, haircut and prudential limits shall be applicable for units of MFOS pledged to NCCL.

**C. Addition and Release of Cash as collateral**

- There is no change in the existing procedure to deposit and request for release of cash provided as collateral with NCCL.
- The cut-off time for deposit and release of cash shall be as under
  - a) Clearing Member upstreaming cut-off time – 7.00 PM on all settlement days
  - b) Clearing Member release request cut-off time – 4.30 PM on all settlement days  
NCCL shall endeavor to release the cash as soon as possible, but within two hours from the time requested subject to sufficient free collateral available in the unallocated collateral pool at the time of request of release.
  - c) For release requests received beyond this cut-off time i.e. 4.30 PM during the day, the payments shall be made on the next settlement day.

**D. Release of Cash towards MTM pay-in**

There is no change in the process and cash collateral release requests received beyond cut-off time i.e. 4.30 PM during the day shall be released on the next settlement day, subject to sufficient free collateral available in the unallocated collateral pool. These funds will be credited to the settlement account of the member in the pay-in run and can be used to meet the funds pay-in requirement.

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**E. Collateral Allocation**

There shall be no change in the allocation procedure.

**F. Release of Other Collaterals**

The timeline for release of various other forms of collaterals shall be as under

## i. FDR and Bank Guarantee

| Cut-off time for requesting release | Release processing time   |
|-------------------------------------|---|
| Up to 4.30 PM during the day        | As and when request received subject to sufficient free collateral available in the unallocated collateral pool at the time of request. |
| After 4.30 PM                       | At end of day subject to sufficient free collateral available in the unallocated collateral pool.                                       |

NCCL shall endeavor to release the FDR and Bank Guarantee as soon as possible, but within two hour from the time requested subject to sufficient free collateral available in the unallocated collateral pool at the time of request of release.

## ii. Approved Securities and Commodities

The request for release of approved securities placed with NCCL by the Client / TM proprietary / CM proprietary through the pledge / re-pledge mechanism (NSDL/CDSL) and CM proprietary securities / commodities through approved custodians in the following batches:

| Batch | Cut-off time for requesting release | Release processing time               |
|-------|-------------------------------------|---------------------------------------|
| 1     | 09.30 AM                            | By 11.30 AM                           |
| 2     | 12.30 PM                            | By 02.30 PM                           |
| 3     | 04.30 PM                            | By 06.30 PM                           |
| 4     | After 4:30 PM                       | After 08.00 AM on next settlement day |

The release processing time mentioned are tentative and subject to best effort basis. In case of request for release of re-pledge securities towards pay-in requirement at other clearing corporations, Clearing Members should ensure that such request is made one-day prior to pay-in and not on the pay-in date.

The above provisions shall be applicable from July 1, 2023.

Members are requested to take note of the same.

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

Sweedin Satav  
Vice President

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For further information / clarifications, please contact

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