
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/COMPLIANCE-018/2021

Date : December 17, 2021

Subject : Segregation and Monitoring of Collateral at Client Level - Penalty

This is in partial modification of NCCL circular NCCL/COMPLIANCE-014/2021 dated November 26, 2021 on the aforesaid subject.

Based on members representation, and in consultation with other Clearing Corporations and SEBI, revised penalty structure as per Annexure 1 shall be applicable for the irregularities observed with respect to the daily collateral reporting by the Clearing members.

Further, members may please note that cutoff time for reporting of Client collateral segregation data has been extended from 1 PM to 5 PM on T+1 day.

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

For and on behalf of
National Commodity Clearing Limited

Sylvia Fernandez.
Assistant Vice President

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
2. Customer Service Group by e-mail to : contactus@nccl.co.in

Annexure 1
Violation 1: Non reporting of data

Period	Applicable penalty
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.
From 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: Delayed submission/Modification of data

Any delayed submission post the cut off time / modification of data successfully submitted by clearing members can be done up to T+3 working days. The penalty for delayed /modification of data shall be as follows:

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

No delayed submission / modifications 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.