



CIRCULAR

SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/016

February 01, 2023

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. Subsequently, SEBI, vide circular [SEBI/HO/MRD2/DCAP/P/CIR/2022/60](#) dated May 10, 2022, *inter-alia*, modified the aforesaid framework specifying 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. It was also specified therein that there shall be no change in methodology of determination and collection of End of Day (EOD) margin obligation of the client.
4. In view of the representations received from market participants and based on deliberations with various stakeholders, it has now been decided that EOD margin collection requirement from clients, in derivatives segments (including commodity derivatives), shall also be calculated based on the fixed BOD margin parameters.
5. 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 on intra-day and EOD basis, as per the extant provisions.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

6. SEBI circulars dated July 20, 2020, December 16, 2021 and May 10, 2022 shall, accordingly, stand modified to the above extent. All other provisions of the said SEBI circulars dated July 20, 2020, December 16, 2021 and May 10, 2022 shall continue to remain applicable.
7. The provisions of this circular shall come into effect from 3 months from the date of issuance of this circular.
8. 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.
9. 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.
10. This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework→Circulars".

Yours faithfully

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