
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/COMPLIANCE-005/2014/142

Date : April 30, 2014

Subject : Mechanism for regular monitoring of short-collection/non-collection of margins

Attention of the Trading and Clearing Members and their Constituents is drawn to our circular No. NCDEX/COMPLIANCE-003/2014/083 dated March 28, 2014.

As per the directions of the Forward Markets Commission and in terms of the Bye Laws, Rules and Regulations of the Exchange, Members and their Constituents are advised to note the following clarifications:-

- a) The clients must ensure that the initial margins are paid in advance of trade and other margins are paid as soon as margin calls are made by exchanges/Members. The period of T+2 days has been allowed to Members to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.
- b) Initial margin shall be computed as applicable at time of the trade.
- c) Since market participants require sufficient time to put in place necessary reporting format for implementing the Commission's directives, the penalty for short/ non-collection of margins stipulated in the above referred circular would be applicable with effect from **June 1, 2014**. However, Members are under obligation to report short/non-collection of margin from client.

Members and clients are advised to comply with the above guidelines.

For and on behalf of

National Commodity & Derivatives Exchange Limited

Amit Mahesh Pujara

Vice President – Compliance, Inspection & Audit

For further information / clarifications, please contact

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