



# PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,  
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PSBA/Notice-029

May 03, 2021

## NOTICE FOR MEMBERS

### Proposed Amendments in the NCCPL Regulations, 2015 for Public Comments

This refers to the Circular No. NCCPL/CM/MAY-21/01 dated May 03, 2021, whereby, the National Clearing Company of Pakistan Limited has invited the comments on drafts of proposed amendments in the NCCPL Regulations, 2015.

In this regard, the members are requested to kindly submit the comments, if any, with the Association Office through email at [psamail024@gmail.com](mailto:psamail024@gmail.com) latest by **May 06, 2021**, so that a consolidated response is submitted with the authorities for their consideration.

sd

**BILAL FAROOQ ZARDI**

Secretary General

#### Copy to:

1. All Members
2. PSBA Website



## **National Clearing Company of Pakistan Limited**

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

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**NCCPL/CM/MAY-21/01**

**May 3, 2021**

### **Proposed Amendments in the NCCPL Regulations, 2015 for Public Comments**

**Dear Clearing Members,**

Please find enclosed herewith the following draft of Proposed Amendments in the NCCPL Regulations, 2015, which is self-explanatory, for Public Comments:

- **Pertaining to Risk Management**

In this regard, all concerned are hereby requested to submit their Comments along with the Form as Annexure I at [info@nccpl.com.pk](mailto:info@nccpl.com.pk), if any.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN 021-111-111-622.

**Regards,**

**Sd**

**Muhammad Asif**

**Head of Operations**

## PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO RISK MANAGEMENT

### RATIONALE:

The National Clearing Company of Pakistan Limited “NCCPL” is performing the risk management function for all the trades and transactions executed at the Pakistan Stock Exchange Limited “PSX”. The risk management measures are continuously reviewed to highlight opportunities to further improve and strengthen them in a practicable manner. The evaluation process also takes into account the suggestions and recommendations put forward by the market participants and other capital market infrastructure institutions. Further, any change in the working model of the existing products and services is reviewed in terms of its anticipated impact on the risk management measures and where considered expedient, necessary changes are proposed to manage and mitigate any associated risk.

At present Deliverable Future Contracts “DFC” with maturity period of 30 days are offered. Securities Exchange is now moving towards introducing 90 Days DFC in near future and has also proposed certain changes in eligibility criteria applied for selecting DFC eligible securities.

These are significant changes considering the risk profile of DFC. Accordingly, NCCPL has reviewed its collateral management keeping in view the impact of new proposed criteria of DFC eligible securities and enhanced contract period.

Accordingly, NCCPL has revisited its margins related measures applied as per NCCPL Regulations and proposed few changes to mitigate the underlying risk that may emanate from the changes anticipated in DFC market. The details of the proposed changes are given below

#### **A. Concentration Margins:**

The Concentration Margins are applied based on a combination of factors that include % of exposure of a security and % of free float, it is applied only when both the conditions are met. Further, it is imposed in three tiers i.e. at market, broker and UIN level.

It is proposed that if any one of the existing criteria either of % of exposure of a particular security or % of Free Float is met, Concentration Margins would become applicable at all levels. Further, revised rate for market wide level may be prescribed to ensure adequate collection of Concentration margins at market level.

#### **B. Mark to Market Profit/Loss:**

As per NCCPL Regulations, 2015, the Company may distribute up to 50% of MTM Profits, (after adjustment of shortfall in MTM Losses collected), of the Clearing Members on his proprietary or client account on UIN basis, in a particular contract, subject to availability of requisite amount of cash with the Company and in accordance with the Procedures.

It is proposed that NCCPL may withhold MTM Profits disbursement, if any, of a Clearing Member on his proprietary or clients account in Deliverable Futures Contracts until the settlement of such contracts if the price movement of the DFC is 50% or more from the contract open price of such Security.

#### **C. Contribution towards SGF:**

The SGF contribution with respect to DFC is currently collected by the Company from the Clearing Members at the rate of PKR 0.31 per PKR 100,000 of trade value on monthly basis through the Pay & Collect functionality of NCSS. At present, SGF is maintained as a pool and not segregated for different market segments.

The DFC segment in the recent months has shown significant growth in its volume and value traded. It was observed that on Dec 28, 2020 the DFC exposure was highest in the market over the last 10 years.

The Risk Department at NCCPL performs SGF adequacy testing on regular basis to ensure that enough resources are available for managing a default in a seamless manner, due to high exposure in DFC market as highlighted above it is considered relevant to enhance the contribution towards SGF with respect to DFC from PKR 0.31/100,000 to PKR1.0/100,000.

#### **D. Exposure Margins for Category B securities:**

At present there are two categories of DFC eligible securities. The selection criteria prescribed for category B DFC eligible securities are less stringent compared to the category A DFC eligible securities. Consequently, enhanced margins and haircut requirements have been prescribed for the category B DFC eligible securities by NCCPL. It is pertinent to mention that the exposure margin with respect to open DFC position can be deposited by the Clearing Members 50% in cash, near cash and in the form of bank guarantee and 50% in the form of Margin Eligible Securities. This condition is applicable on both the categories of DFC eligible securities.

Keeping in view the anticipated changes in DFC, it has been proposed that the exposure margins in category B DFC eligible securities may be collected 100% in the form of Cash/ Near Cash/ Bank Guarantee.

#### **Impact:**

All the above proposed measures will facilitate in managing and mitigating the risk expected to arise from the anticipated changes in the deliverable futures contracts maturity period and eligibility criteria proposed for DFC securities. Further, it will strengthen the resources available at the disposal of the Company to seamlessly manage settlement defaults.

*Proposed Amendments in NCCPL Regulations, 2015 – Attached as Annexure – I*

#### **Other Proposed Amendments:**

##### **A. Inclusion of Exchange Traded Funds “ETF” in Margin Trading System:**

#### **RATIONALE:**

The Pakistan Stock Exchange Limited (PSX) has listed multiple Exchange Traded Funds ‘ETFs’. In order to promote the concept of ETF and to encourage investors to participate, certain benefits were allowed by NCCPL in relation to ETF. These exemptions were made available based on the recommendations received from concerned stakeholders and market participants.

In this regard, NCCPL has been requested to consider inclusion of ETFs as a Margin Trading eligible security as it will be beneficial to have ETF available on other counters to further promote it and encourage active investor participation.

#### **Impact**

These proposed amendments will include ETF shares on MTS counter and will encourage the market participants to invest in ETF.

##### **B. Exposure Limits Against Net Capital Balance:**

#### **RATIONALE:**

The Schedule – II of Chapter 12 of NCCPL Regulations, 2015, prescribe the exposure limits available to a clearing member in a particular market based on its NCB. The schedule also prescribes overall limit for a particular market such as leverage market. However, the table was not clearly depicting the overall exposure limit allowed in derivative market which includes DFC, CSF, SIFC etc.

Therefore, in order further clarify the provision stipulated in Schedule –II and to facilitate the investors in easily understanding the exposure limits amendments have been proposed in NCCPL Regulations wherein limit of 7.5

times of NCB for leverage products will be applied on MT, MF, SLB and MSF and separate limit of 7.5 times of NCB will be assigned to DFC Contract.

### **Impact**

These changes will facilitate in better understanding the exposure limits allowed under each market based on the NCB of the Clearing Member. Further, it will also set the exposure limit for derivative segment at 7.5 times of NCB and for a similar limit for leverage segment that includes MT.MF, SLB and MSF.

*Proposed Amendments in NCCPL Regulations, 2015 – Attached as Annexure - II*

### **TIME PERIOD:**

These amendments have been approved by the Board and are placed on NCCPL's website for seeking public comments in pursuance of provisions stipulated in Section (5) of the Securities Act, 2015 for a period of 7 Days ending on May 10, 2021.

### **GUIDELINES FOR SUBMISSION OF PUBLIC COMMENTS:**

NCCPL invites all stakeholders to provide their comments on the proposed amendments in NCCPL Regulations 2015, pertaining to designated market maker for listed debt market securities.

Respondent of the comments is required to fill the form given below as **Annexure A** along with the comments submitted to NCCPL. Comments with no or incomplete form will be disregarded. Further anonymous comments are discouraged by NCCPL, however the respondent may request confidentiality for its identity on all or any part of comments by filling the relevant section of the form.

NCCPL will publish the comments of respondents and its management's response thereon in the form of a response paper, within a reasonable timeframe, after close of period mentioned above, unless the respondent has made a confidentiality request. However NCCPL shall share all responses with the SECP.

By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to NCCPL, unless respondents wish to keep their identity or comments confidential.

**Form for submission of Public Comments to NCCPL**

**Regulation title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<b>Name of respondent:</b>	
<b>Company name:</b>	
<b>Designation:</b>	
<b>Contact number:</b>	
<b>Email Address:</b>	

Please check the box if you wish to keep your identity and comments confidential:

- I wish to have my identity remain confidential.
- I wish to keep all of my comments confidential.
- I wish to keep parts of my comments confidential.

In case of last checkbox please mention part of comments in below section.

**PROPOSED AMENDMENTS IN THE NCCPL REGULATIONS, 2015 PERTAINING TO RISK MANAGEMENT**

Existing Regulations	Proposed Regulations	Rationale
<b>CHAPTER 12 – RISK MANAGEMENT BY THE COMPANY</b>		
<p>12.6.3 MARK-TO-MARKET LOSSES DEPOSIT:</p> <p>(a) the scrip-wise outstanding Positions of the Clearing Members will be revalued at relevant daily settlement price as prescribed in the Exchange regulations governing Deliverable Future Contracts and shall be transferred to the next Trade Date. The system shall consider such revalued amounts as the traded values, based on which Mark-to-Market loss will be calculated. Such Mark-to-Market Losses shall be deposited by the Clearing Members with the Company on a daily basis till the satisfaction of the settlement obligation on the relevant Settlement Date of the contract. However, where index based market halts are implemented by Pakistan Stock Exchange the scrip wise outstanding position of the Clearing Member shall be revalued at the last executed price as prescribed in the Pakistan Stock Exchange regulations governing Deliverable Future Contract at the time of market halt. The system shall consider such revalued amounts as the traded values, based on which Exposures will be calculated. Such MtM Losses shall be deposited by the Clearing Members on the Trade Date within the time prescribed by the Company. The Company may distribute up to 50% of Mark-to-Market Profits, (after adjustment of Mark-to Market Losses), of the Clearing Members on his proprietary or client account on UIN basis, in a particular contract, subject to availability of requisite amount of cash with the Company and in accordance with the Procedures until last trading day of the current Deliverable Future Contracts on T+1 basis through Clearing Member designated settling bank account i.e. the 50% Mark-to-Market Profits will be disbursed on the next working day falling</p>	<p>12.6.3 MARK-TO-MARKET LOSSES DEPOSIT:</p> <p>(e) the scrip-wise outstanding Positions of the Clearing Members will be revalued at relevant daily settlement price as prescribed in the Exchange regulations governing Deliverable Future Contracts and shall be transferred to the next Trade Date. The system shall consider such revalued amounts as the traded values, based on which Mark-to-Market loss will be calculated. Such Mark-to-Market Losses shall be deposited by the Clearing Members with the Company on a daily basis till the satisfaction of the settlement obligation on the relevant Settlement Date of the contract. However, where index based market halts are implemented by Pakistan Stock Exchange the scrip wise outstanding position of the Clearing Member shall be revalued at the last executed price as prescribed in the Pakistan Stock Exchange regulations governing Deliverable Future Contract at the time of market halt. The system shall consider such revalued amounts as the traded values, based on which Exposures will be calculated. Such MtM Losses shall be deposited by the Clearing Members on the Trade Date within the time prescribed by the Company. The Company may distribute up to 50% of Mark-to-Market Profits, (after adjustment of Mark-to Market Losses), of the Clearing Members on his proprietary or client account on UIN basis, in a particular contract, subject to availability of requisite amount of cash with the Company and in accordance with the Procedures until last trading day of the current Deliverable Future Contracts on T+1 basis through Clearing Member designated settling bank account i.e. the 50% Mark-to-Market Profits will be disbursed on the next working day falling after the day on which the Mark-to-Market Loss is collected by the Company. Provided where any Mark-To-Market Profit is determined on the last trading day of the current Deliverable Future Contract, the same shall be disbursed on the Settlement Date instead of being disbursed on T+1 basis.</p>	<p>To add enabling provisions with respect to withholding of MTM profits till the maturity of the contract if the price movement of DFC is 50% or more than the contract open price of such security.</p>

<p>after the day on which the Mark-to-Market Loss is collected by the Company. Provided where any Mark-To-Market Profit is determined on the last trading day of the current Deliverable Future Contract, the same shall be disbursed on the Settlement Date instead of being disbursed on T+1 basis. In case of failure of any Clearing Member to deposit Exposure Margins/ Mark-to-Market Losses, it will not be allowed to take any fresh Position. However, the said Clearing Member will be allowed to reduce its Positions. Mark-to-Market Profits retained by the Company shall be paid to the respective Clearing Member on T+2 settlement basis.</p> <p>Provided further, the Company may, with the prior approval of the Board, withhold partially or completely disbursement of Mark-to-Market Profit in Deliverable Futures Contracts keeping in view the underlying risk, prevailing market condition and exceptional circumstances.</p>	<p>In case of failure of any Clearing Member to deposit Exposure Margins/ Mark-to-Market Losses, it will not be allowed to take any fresh Position. However, the said Clearing Member will be allowed to reduce its Positions. Mark-to-Market Profits retained by the Company shall be paid to the respective Clearing Member on T+2 settlement basis.</p> <p>Provided further, the Company may, with the prior approval of the Board, withhold partially or completely disbursement of Mark-to-Market Profit in Deliverable Futures Contracts keeping in view the underlying risk, prevailing market condition and exceptional circumstances.</p> <p><u>However, in case, where the prevailing Contract Price of a DFC Contract increase or decrease by 50% compared to the contract open price of such security, under such circumstances, the disbursement of mark-to-market profits will be withheld by the Company till the maturity of the DFC Contract.</u></p>	
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**Schedule-II**

**FORM OF EXPOSURE MARGINS, MTM LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS**

**Existing**

SR. NO.	MARKET	EXPOSURE MARGINS	MTM LOSSES	SPECIAL MARGIN	CONCENTRATION MARGINS	LIQUIDITY MARGINS	ADDITIONAL MARGINS
4	** Deliverable Futures Market	Minimum 50% in Cash, Near Cash Instruments and/or Bank Guarantee and 50% in securities eligible for trading in Deliverable Future Market, Near Cash Instruments, Cash and/or Bank Guarantee	Cash	Not Applicable	Cash, Near Cash Instruments and/or Bank Guarantee	Not Applicable	Minimum 50% in Cash, Near Cash Instruments and/or Bank Guarantee and 50% in securities eligible for trading in Deliverable Future Market, Near Cash Instruments, Cash and/or Bank Guarantee

**Schedule-II**

**FORM OF EXPOSURE MARGINS, MTM LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS**

**PROPOSED**

SR. NO.	MARKET	EXPOSURE MARGINS	MTM LOSSES	SPECIAL MARGIN	CONCENTRATION MARGINS	LIQUIDITY MARGINS	ADDITIONAL MARGINS
4	** Deliverable Futures Market	<p><b><u>Category A - DFC Eligible Securities</u></b> Minimum 50% in Cash, Near Cash Instruments and/or Bank Guarantee and 50% in securities eligible for trading in Deliverable Future Market, Near Cash Instruments, Cash and/or Bank Guarantee</p> <p><b><u>Category B – DFC Eligible Securities</u></b> <b>100 % in</b> Cash, Near Cash Instruments and/or Bank Guarantee</p>	Cash	Not Applicable	Cash, Near Cash Instruments and/or Bank Guarantee	Not Applicable	Minimum 50% in Cash, Near Cash Instruments and/or Bank Guarantee and 50% in securities eligible for trading in Deliverable Future Market, Near Cash Instruments, Cash and/or Bank Guarantee

**Schedule VI**  
**CONCENTRATION MARGINS DEPOSITS**  
**EXISTING**

<b>CONCENTRATION MARGIN SLABS</b>					
<b>%AGE OF DFC/CSF POSITION TO TOTAL DFC/CSF POSITION</b>		<b>AND</b>	<b>% AGE OF DFC/CSF POSITONS TO FREE FLOAT OF SCRIP</b>		<b>CONCENTRATIO N MARGINS</b>
<b>MARKET WIDE SECURITY CONCENTRATION SLABS AND RATES</b>					
Greater than	2	"	Greater than	5.00	1.00
Greater than	6	"	Greater than	7.50	2.00
Greater than	8	"	Greater than	10.00	3.00
Greater than	10	"	Greater than	15.00	4.00
Greater than	12	"	Greater than	25.00	5.00
Greater than	14	"	Greater than	35.00	6.00
<b>SECURITIES BROKER –WISE SECURITES CONCENTRATION SLABS ANS RATES</b>					
Greater than	5	"	Greater than	1.00	1.00
Greater than	10	"	Greater than	1.50	2.00
Greater than	20	"	Greater than	2.00	3.00
Greater than	30	"	Greater than	2.50	4.00
Greater than	40	"	Greater than	3.00	5.00
Greater than	60	"	Greater than	3.50	6.00
<b>UIN-WIDE SECURITY CONCENTRATION SLABS AND RATES</b>					
Greater than	1	"	Greater than	0.50	0.50
Greater than	2	"	Greater than	0.75	1.00
Greater than	4	"	Greater than	1.00	1.50
Greater than	8	"	Greater than	1.25	2.50
Greater than	16	"	Greater than	1.50	3.50

- Note:**
1. All three tier Concentration Margins in DFC and CSF will be applied on 'AND' basis and shall be applicable on the basis of average of the Margins corresponding to the two applicable slabs.
  2. First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker-wide security concentration slab or UIN-wide security concentration slabs, specified in the above table, have been reached.
  3. Market wide concentration margins determined under the last three market-wide security concentration slabs shall be collected from all Clearing Members.

**Schedule VI**

**CONCENTRATION MARGINS DEPOSITS**

**PROPOSED**

<b>CONCENTRATION MARGIN SLABS</b>					
<b>%AGE OF DFC/CSF POSITION TO TOTAL DFC/CSF POSITION</b>		<b><u>OR</u></b>	<b>% AGE OF DFC/CSF POSITONS TO FREE FLOAT OF SCRIP</b>		<b>CONCENTRATIO N MARGINS</b>
<b>MARKET WIDE SECURITY CONCENTRATION SLABS AND RATES</b>					
Greater than	2	"	Greater than	5.00	<del>1.00</del> <b>2.50</b>
Greater than	6	"	Greater than	7.50	<del>2.00</del> <b>5.00</b>
Greater than	8	"	Greater than	10.00	<del>3.00</del> <b>7.50</b>
Greater than	10	"	Greater than	15.00	<del>4.00</del> <b>10.00</b>
Greater than	12	"	Greater than	25.00	<del>5.00</del> <b>12.50</b>
Greater than	14	"	Greater than	35.00	<del>6.00</del> <b>15.00</b>
<b>SECURITIES BROKER –WISE SECURITES CONCENTRATION SLABS ANS RATES</b>					
Greater than	5	"	Greater than	1.00	1.00
Greater than	10	"	Greater than	1.50	2.00
Greater than	20	"	Greater than	2.00	3.00
Greater than	30	"	Greater than	2.50	4.00
Greater than	40	"	Greater than	3.00	5.00
Greater than	60	"	Greater than	3.50	6.00
<b>UIN-WIDE SECURITY CONCENTRATION SLABS AND RATES</b>					
Greater than	1	"	Greater than	0.50	0.50
Greater than	2	"	Greater than	0.75	1.00
Greater than	4	"	Greater than	1.00	1.50
Greater than	8	"	Greater than	1.25	2.50
Greater than	16	"	Greater than	1.50	3.50

**Note:**

1. All three tier Concentration Margins in DFC and CSF will be applied on **AND 'OR'** basis and shall be applicable on the basis of **average higher** of the Margins corresponding to the two applicable slabs.
2. First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker-wide security concentration slab or UIN-wide security concentration slabs, specified in the above table, have been reached.
3. Market wide concentration margins determined under the last three market-wide security concentration slabs shall be collected from all Clearing Members.

**FEE, CHARGES AND DEPOSITS SCHEDULE****Existing**

SCHEDULE OF FEE AND CHARGES							
S No.	NAME	Revised Rate		BASIS	LEVIED ON	COLLECTION	
		Retail Sector **	Corporate Sector *			TIME	MODE
<b>4</b>	<b>Contribution towards Settlement Guarantee Fund</b>						
a.	Regular Market/GEM	0.22	0.22	Per Rs. 100,000 value of trade.	Clearing Member	Monthly	Through NCSS Pay and Collect
b.	Non-Deliverable Future Contract	0.31	0.31				
c.	Deliverable Future Contract/Provisionally Listed Companies Market	0.31	0.31				
d.	Odd Lot Market	0.31	0.31				
c.	SLB. Transactions	0.10	0.10	Per Rs. 100,000 value of SLB Transaction multiplied by No. of days to SLB Contract	SLB Participant		

**FEE, CHARGES AND DEPOSITS SCHEDULE****Proposed**

SCHEDULE OF FEE AND CHARGES							
S No.	NAME	Revised Rate		BASIS	LEVIED ON	COLLECTION	
		Retail Sector **	Corporate Sector *			TIME	MODE
<b>4</b>	<b>Contribution towards Settlement Guarantee Fund</b>						
a.	Regular Market/GEM	0.22	0.22	Per Rs. 100,000 value of trade.	Clearing Member	Monthly	Through NCSS Pay and Collect
b.	Non-Deliverable Future Contract	0.31	0.31				
c.	Deliverable Future Contract/Provisionally Listed Companies Market	<del>0.31</del> <b>1.00</b>	<del>0.31</del> <b>1.00</b>				
d.	Odd Lot Market	0.31	0.31				
c.	SLB. Transactions	0.10	0.10	Per Rs. 100,000 value of SLB Transaction multiplied by No. of days to SLB Contract	SLB Participant		

### Other Proposed Amendments

Existing Regulations	Proposed Regulations	Rationale
<b>CHAPTER 7C MARGIN TRADING SYSTEM</b>		
<p>7C.3.2 Eligibility criteria</p> <p>Eligibility criteria of MT Eligible Securities shall include the following:</p> <p>15. Where a MT Eligible Security that have been quoted on the defaulter segment of the Exchange and notified to the Company, such Security shall not be eligible for trading in the MT Market from the date it has been placed on the Defaulter segment. However, all open MT Contracts shall be released on Accelerated Maturity Date and/or Maturity Date as the case may be. In case where such Security is reinstated during the review period, trading in MT Market shall not be allowed during that review period.</p> <p><u>New Insertion</u></p>	<p>7C.3.2 Eligibility criteria</p> <p>Eligibility criteria of MT Eligible Securities shall include the following:</p> <p>15. Where a MT Eligible Security that have been quoted on the defaulter segment of the Exchange and notified to the Company, such Security shall not be eligible for trading in the MT Market from the date it has been placed on the Defaulter segment. However, all open MT Contracts shall be released on Accelerated Maturity Date and/or Maturity Date as the case may be. In case where such Security is reinstated during the review period, trading in MT Market shall not be allowed during that review period.</p> <p><u>16. Exchange Traded Fund 'ETF' shall be declared as MT Eligible Security with immediate effect and all MT Participants will be allowed to act as Financier or Finantee. Provided that where ETF that has been quoted on the defaulter's segment of the Exchange and notified to the Company, in such case conditions prescribed under Regulation 7C.3.2 clause 15 of these Regulations, will be applicable.</u></p>	<p>To include ETF as MT Eligible Security.</p>

**Schedule-I**  
**EXISTING**

**BROKER CLEARING MEMBERS (BCMS) NET CAPITAL BALANCE (NCB) LIMIT & LEVERAGE POSITION**

	SLB Market	*MF Market/MSF Market	MT Market (As Financee)	Deliverable Futures Market	Cash Settled Future (CSF) Contracts	Index Options Market	Stock Index Futures Contracts (SIFC)	Debt Market	Ready Market and GEM
<b>Broker Clearing Members NET CAPITAL BALANCE LIMIT &amp; LEVERAGE POSITION</b>	The aggregate Exposure of each SLB Participant who is a BCM shall not exceed 5 times of its NCB	The aggregate Exposure of each Margin Financee shall not exceed 5 times of its NCB / The aggregate Exposure of each MSF Buyer shall not exceed 5 times of its NCB	The aggregate Exposure of each Financee in respect of MT Market shall not exceed 5 times of its NCB	7.5 times of the NCB of a Broker Clearing Member excluding the Capital Adequacy (Exposure) utilized by such BCMs in the MT Market				The aggregate Exposure of BCMs shall not exceed 10 times of its NCB allotted	25 times the NCB of BCM
				Maximum Exposure of 7.5 times of the NCB of a Broker Clearing Member for Cash Settled Futures Market, Stock Index Futures Contracts Market, Index Options Market, Deliverable Futures Contract Market, and MT Market					
Maximum Exposure of 25 times of the NCB of Broker Clearing Members for All Markets									

\*MF Market: Exposure to a single client shall not exceed 5% of the total permissible Exposure and Exposure in single MF Eligible Security shall not exceed 20% of the total permissible Exposure (5 times of net capital balance).

Minimum net capital balance for Broker Margin Financier of Exchange will be Rs. 20 million:

\*\*MT Market (As Financee)

Finanee shall be required to maintain minimum net capital balance in accordance with the slabs as prescribed in Schedule-IV of this Chapter.

**Schedule-I**

**PROPOSED**

**BROKER CLEARING MEMBERS (BCMS) NCB CAPITAL BALANCE (NCB) LIMIT & LEVERAGE POSITION**

	SLB Market	MF Market	MSF Market	MT Market (As Financee )	Deliverable Futures Market	Cash Settled Future (CSF) Contracts	Index Options Market	Stock Index Futures Contracts (SIFC)	Debt Market	Ready Market and GEM
<b>Broker Clearing Members' NET CAPITAL BALANCE LIMITS &amp; LEVERAGE POSITIONS</b>	The aggregate Exposure of each SLB Participant who is a BCM shall not exceed 5 times of its NCB	The aggregate Exposure of each Margin Financee shall not exceed 5 times of its NCB	The aggregate Exposure of each MSF Buyer shall not exceed 5 times of its NCB	The aggregate Exposure of each Financee in respect of MT Market shall not exceed 5 times of its NCB	<p align="center"><del>7.5 times of the NCB of a Broker Clearing Member excluding the Capital Adequacy (Exposure) utilized by such BCMS in the MT Market</del></p> <p align="center"><u>Maximum Exposure of 7.5 times of the NCB of a Broker Clearing Member for Deliverable Futures Market, Cash Settled Future Contracts, Index Options Market and Stock Index Futures Contracts. -and MT Market</u></p>				The aggregate Exposure of BCMS shall not exceed 10 times of its NCB allocated	25 times of the NCB of BCM
	<u>Maximum Exposure of 7.5 times of the NCB of a Broker Clearing Member for SLB, MF, MSF and MT</u>									
Maximum Exposure of 25 times of the NCB of Broker Clearing Member for All Markets										

\*MF Market: Exposure to a single client shall not exceed 5% of the total permissible Exposure and Exposure in single MF Eligible Security shall not exceed 20% of the total permissible Exposure (5 times of net capital balance).

Minimum net capital balance for Broker Margin Financier of Exchange will be Rs. 20 million:

\*\*MT Market (As Financee)

Financee shall be required to maintain minimum net capital balance in accordance with the slabs as prescribed in Schedule-IV of this Chapter.