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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all members of the Exchange

Circular No : NCDEX/COMPLIANCE-040/2022

Date : June 24, 2022

Subject : Clarifications on Margin collection & reporting

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This has reference to Exchange circular no. NCDEX/COMPLIANCE-055/2020 dated September 21, 2020 wherein it was clarified that the members cannot pass on the penalty w.r.t short collection of upfront margin to client. Further, it has been reiterated vide Exchange circular no. NCDEX/COMPLIANCE-046/2021 dated October 14, 2021 and circular no. NCDEX/COMPLIANCE-037/2022 dated June 14, 2022 that members are not permitted to pass on the penalty levied by clearing corporations on account of “short/non-collection of upfront margins” to clients under any circumstances.

In accordance with the above mentioned circulars and in consultation with SEBI, member shall submit an undertaking to the Exchange on half yearly basis (i.e. April-September and October-March) confirming that penalty levied by clearing corporations on account of “short/non-collection of upfront margins from clients” is not being passed on to respective clients under any circumstances. Further, members are requested to note that submission of said undertaking shall be made part of periodic internal audit report and henceforth same shall be provided by member for the applicable period along with internal audit report of said periods to the Exchange.

The format of the undertaking and submission method will be informed to the members through a separate circular, in due course.

Members are requested to take note of the contents of the circular and comply.

For and on behalf of  
**National Commodity & Derivatives Exchange Limited**

Pranesh Shetty  
Vice President – Audit & Inspection

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For further information/clarifications, please contact

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