

NSE Clearing Limited

Circular

DEPARTMENT: COMPLIANCE

Download Ref No: NCL/CMPL/56847

Date: May 26, 2023

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All Clearing Members,

Sub: FAQ for Reporting of Bank Guarantees (BGs) created out of clients' funds

This is further to NCL circular no. NCL/CMPL/56762 dated May 19, 2023, notifying members with regards to reporting of Bank Guarantees (BGs) created out of clients' funds on a weekly basis.

Based on queries received from members, frequently asked questions (FAQ) are being issued as below: -

1. Whether the reporting is applicable to members who clear proprietary trades and do not deal with clients?

Yes, the reporting is applicable to all members who have placed Bank guarantees with NSE Clearing.

2. Does a member have to report If BG is not placed with NCL as collateral?

Members who have not placed any BG with NCL need not report.

3. Whether members have to report all the BGs across Clearing Corporations or specifically that of NCL?

Members need to report BGs which are placed with NCL only as collateral, and BGs placed with ICCL for which benefit has been provided at NCL.

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4. When a BG matures on Friday and is not released by NCL, should BG amount be reported on Friday?

Bank guarantees which have expired need not be reported.

5. If a member has given BG to NCL whether BG created out of client funds and Prop funds needs to be reported?

Yes, members need to report total BG amount as collateral with NCL across all segments with bifurcation of Total BG amount (out of client funds) as collateral and total BG amount (out of prop funds)

6. While reporting of BG member should consider Funded or Non-Funded portion?

Member needs to consider amount mentioned for both Funded as well as non-Funded portion of BG while reporting.

For e.g.in the below example if a clearing member has below BGs with NCL:

Funds utilized for creation of BG	Funded portion	BG created and placed with NCL	Non funded portion	Total BG amount (out of client funds)	total BG amount (out of prop funds)
Client	500	1000	500	1000	0
CMPRO	500	1000	500	0	1000
TM PRO	500	1000	500	1000	0
Total to be reported		3000		2000	1000

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7. If a member is Clearing Member in one segment and Trading Member in other segments, then how reporting should be done?

The reporting of BGs will be done only for those segments where member is registered as Clearing Member with NCL. Where member is a trading member in a particular segment, the Clearing member of that trading member is required to report such details

Members are advised to take note of the same.

**For and on behalf of
NSE Clearing Limited**

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