



The Clearing Corporation of India Ltd.

Securities Segment

NOTIFICATION

No. RMD/SS/12

Date: 31st July, 2002

Intra-day Margin Shortfall

We refer to our notification no. RMD/SS/11 of the 11th June, 2002. We wish to clarify that as per Clearing Corporation's Regulations for the Securities Segment, for any intra-day margin shortfall, the concerned member is required to pay penalty on the amount of margin shortfall for one day. It is not necessary for the member to deposit the amount of shortfall on the subsequent working day unless there is shortfall at the end of the day of shortfall.

2. We clarify that although any deposit of additional margin is accounted for in the Clearing & Settlement System(CSS) of the Clearing Corporation at the end of the day of such deposit (on receipt of RBI confirmation), Clearing Corporation has decided to consider such deposit notionally as against intra-day margin shortfall for the day provided that such deposit(of securities/cheques) into the Clearing Corporation's accounts with the RBI has occurred before the concerned trade which gave rise to the margin shortfall, was entered into. Any deposit so considered would however continue to be accounted for in CSS at the end of the day. Clearing Corporation believes that this change would enable the members to effect deposits of additional margins into SGF till the morning of the day when requirement of additional margin is anticipated [In this context, it may, however, be observed that the Trade Exceeding Exposure Reports to members would continue to show trades as having exceeded exposure limits based on previous day's value of SGF till software modification to account for intra-day deposit/withdrawal of SGF is effected at Clearing Corporation end. Till the modification is through, effect of intra-day deposit/withdrawal of SGF would be considered by Clearing Corporation by computing positions outside the CSS and no penalty would be collected if the accounts of the members do not show intra-day margin shortfall after adjustment of intra-day deposit/withdrawal as stated above].

3. We also clarify that if the deposit of additional margin (at least to the extent of shortfall) by a member has occurred after the incidence of the intra-day margin shortfall but before the settlement of trades for the day is over, Clearing Corporation shall also extend guarantee cover for trades done on T+0 basis.

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