



National Clearing Company of Pakistan Limited
8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/SEPTEMBER-25/01
September 01, 2025

Approved Amendments in NCCPL Regulations, 2015

Dear Clearing Members,

Please find attached herewith the approved amendment in the **National Clearing Company of Pakistan Limited Regulations, 2015**, Pertaining to Margin Regime for Secondary GDS Trades.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN 021-111-111-622 or visit our website www.nccpl.com.pk

You can approach our Customer Support services through WhatsApp vide 021-111-111-622 or Click [here](#).

Regards,

_____sd_____
Adnan Akhtar
Assistant General Manager - CSS

CC:

1. Executive Director/HOD - Policy, Regulation and Development Department - SMD
Securities & Exchange Commission of Pakistan - Islamabad
2. Chief Executive Officer - Pakistan Stock Exchange Limited
3. Chief Executive Officer - Central Depository Company of Pakistan Limited
4. Pakistan Stock Brokers Association

Approved Amendments, Rationale for Amendments and Final Regulations

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
CHAPTER 02 – INTERPRETATION AND DEFINITIONS			
Non- Exchange Transaction Means a Market Contract which includes the following: (i) an institutional delivery system transaction, as per the Procedures, which is not effected on the Exchange and is initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member based on an Exchange Trade; or and is recorded on NCSS in which the initiating Clearing Member notifies NCSS that the transaction shall be settled by an affirming Clearing Member on his behalf, provided that such affirmation is made by a Clearing Member (who is a non-TRE Certificate Holder of the Exchange.). (ii) MT Transaction and MT (R) Transaction as defined in these Regulations. (iii) SLB Transaction and SLB (R) Transaction, as defined in these Regulations including an	Non- Exchange Transaction Means a Market Contract which includes the following: (i) an institutional delivery system transaction, as per the Procedures, which is not effected on the Exchange and is initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member based on an Exchange Trade; or and is recorded on NCSS in which the initiating Clearing Member notifies NCSS that the transaction shall be settled by an affirming Clearing Member on his behalf, provided that such affirmation is made by a Clearing Member (who is a non-TRE Certificate Holder of the Exchange.). (ii) MT Transaction and MT (R) Transaction as defined in these Regulations. (iii) SLB Transaction and SLB (R) Transaction, as defined in these Regulations including an institutional delivery system transaction, as per	T+0 settlement is already implemented for the Government Debt Securities Market “GDS”, therefore, provisions restricting settlement on T+0 basis have been removed.	Non- Exchange Transaction Means a Market Contract which includes the following: (i) an institutional delivery system (IDS) transaction, as per the Procedures, which is not effected on the Exchange and is initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member based on an Exchange Trade; or and is recorded on NCSS in which the initiating Clearing Member notifies NCSS that the transaction shall be settled by an affirming Clearing Member on his behalf, provided that such affirmation is made by a Clearing Member (who is a non-TRE Certificate Holder of the Exchange.). (ii) MT Transaction and MT (R) Transaction as defined in these Regulations. (iii) SLB Transaction and SLB (R) Transaction, as defined in these Regulations including an institutional delivery system transaction, as per

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>institutional delivery system transaction, as per the terms and conditions prescribed in the Procedures.</p> <p>(iv) MF Transaction and MF (R) Transaction as defined in these Regulations.</p> <p>Provided that Non Exchange Transaction shall not be allowed on trades executed in the NDM Reporting Interface for T+0 settlement cycle.</p> <p>Provided further that Non Exchange Transactions shall also not be allowed on trades executed in Securities placed at the Defaulters' Segment on T+0 settlement cycle as per relevant regulations of Exchange.</p> <p>(v) NDNF Transaction, as per the Regulations and Procedures, which is not effected on a Securities Exchange and is initiated by a Clearing Member in NDNF module based on net money obligation as explained under Chapter 7F of the Regulations.</p>	<p>the terms and conditions prescribed in the Procedures.</p> <p>(iv) MF Transaction and MF (R) Transaction as defined in these Regulations.</p> <p>Provided that Non-Exchange Transaction shall not be allowed on trades executed in the NDM Reporting Interface for T+0 settlement cycle.</p> <p>Provided further that Non-Exchange Transactions shall also not be allowed on trades executed in Securities placed at the Defaulters' Segment on T+0 settlement cycle as per relevant regulations of Exchange.</p> <p>(v) NDNF Transaction, as per the Regulations and Procedures, which is not effected on a Securities Exchange and is initiated by a Clearing Member in NDNF module based on net money obligation as explained under Chapter 7F of the Regulations.</p>		<p>the terms and conditions prescribed in the Procedures.</p> <p>(iv) MF Transaction and MF (R) Transaction as defined in these Regulations.</p> <p>Provided that Non Exchange Transaction <u>excluding IDS transaction,</u> shall not be allowed on trades executed in the NDM Reporting Interface for T+0 settlement cycle.</p> <p>Provided further that Non-Exchange Transactions shall also not be allowed on trades executed in Securities placed at the Defaulters' Segment on T+0 settlement cycle as per relevant regulations of Exchange.</p> <p><u>Provided that the Company, through notification and subject to such term and conditions as it may deemed appropriate, may allow execution of Non-Exchange Transactions on T+0 settlement cycle</u></p> <p>(v) NDNF Transaction, as per the Regulations and Procedures, which is not effected on a Securities Exchange and is initiated by a Clearing Member in NDNF module based on net money obligation as explained under Chapter 7F of the Regulations.</p>

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<p>NDM Reporting Interface</p> <p>The term NDM Reporting Interface shall have the same meaning as set out in the relevant regulations of the Exchange.</p>	<p>NDM Reporting Interface</p> <p>The term NDM Reporting Interface shall have the same meaning as set out in the relevant regulations of the Exchange <u>with respect to the Market.</u></p>	<p>The term has been explained to include Market (which includes all markets and Boards provided by the Exchange such as ready and NDM market).</p>	<p>Same as proposed</p>
<p>Standing Instruction</p> <p>means a Standing Instruction submitted by a Custodian Clearing Member to the Company in the form prescribed by the Company from time to time and for the purpose of these Regulations shall be considered as acceptable Collateral against Margins and Marked-to-Market Losses that may be required by the Company.</p> <p>Provided that a Non-Broker Clearing Member which is a bank, shall be eligible to provide the Standing Instruction as advance</p>	<p>Standing Instruction</p> <p>means a Standing Instruction submitted by a Custodian Clearing Member to the Company in the form prescribed by the Company from time to time and for the purpose of these Regulations shall be considered as acceptable Collateral against Margins and Marked-to-Market Losses that may be required by the Company <u>with respect to trading / open exposure of such Custodian Clearing Members in the Market.</u></p> <p>Provided that a Non-Broker Clearing Member which is a bank, shall be eligible to provide the Standing Instruction as advance against bid amount in terms of Regulation 9.16 of these</p>	<p>Further, clarity has been added that Standing Instruction Provided by CCM, subject to conditions prescribed in these Regulations, shall be accepted as collateral for all Markets.</p>	<p>Same as proposed</p> <p>Same as proposed</p>

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>against bid amount in terms of Regulation 9.16 of these Regulations and it shall also be considered as acceptable Collateral against Margins and Marked-to-Market Losses that may be required by the Company for trades and transactions executed in GDS Market.</p>	<p>Regulations and it shall also be considered as acceptable Collateral against Margins and Marked-to-Market Losses that may be required by the Company for trades and transactions executed in <u>Debt Market and / or GDS Market</u> GDS Market.</p>		
<p>Such Standing Instruction shall allow the Company to directly collect the net amount payable to the Company against all affirmed IDS transactions by the Custodian Clearing Member and / or a bank admitted as a Clearing Member for advance against bid amount in terms of Regulation 9.16 and all transactions in GDS Market on the respective Settlement Date in accordance with these Regulations and NCSS Procedures through the Real-Time Gross Settlement ("RTGS") mechanism as a special participant of the PRISM System.</p>	<p>Such Standing Instruction shall allow the Company to directly collect the net amount payable to the Company against all affirmed IDS transactions by the Custodian Clearing Member and / or a bank admitted as a Clearing Member for advance against bid amount in terms of Regulation 9.16 and all transactions in <u>Debt Market and /or</u> GDS Market on the respective Settlement Date in accordance with these Regulations and NCSS the <u>Procedures</u>, / Joint <u>Procedures</u> through the Real-Time Gross Settlement ("RTGS") mechanism as a special participant of the PRISM System.</p>	Text Improvement	Same as proposed
<p>Provided further, that development financial institutions as defined in the regulation of the</p>	<p>Provided further, that development financial institutions as defined in the regulation of the State Bank of Pakistan, admitted as a Non-</p>	To add clarity with respect to applicability of	Same as proposed

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State Bank of Pakistan, may also be allowed to provide Standing Instruction subject to such terms and conditions and in accordance with the manner prescribed in Procedures.	Broker Clearing Member , may also be allowed to provide Standing Instruction as an acceptable form of Collateral for advance against bids submitted for the GDS auction, margins and Mark-to-Market Loss requirements with respect to its trades and transactions in the Debt Market and / or GDS Market subject to such terms and conditions and in accordance with the manner prescribed in the Procedures.	Standing Instructions for development financial institutions.	
9.10.2 Clearing & Settlement of Custodian Clearing Member 1. Institutional Delivery System (IDS) module shall facilitate Custodian Clearing Members for clearing and settlement of trades executed by their clients, through respective TOSB, TSSB and TCSB Clearing Members in any of the Markets, through NCSS. 5. If such initiated/re-initiated IDS transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day (EOD) process from further processing. Accordingly, such transactions shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing	9.10.2 Clearing & Settlement of Custodian Clearing Member 1. Institutional Delivery System (IDS) module shall facilitate Custodian Clearing Members for clearing and settlement of trades executed by their clients, through respective TOSB, TSSB and TCSB Clearing Members in any of the Markets, through NCSS. 5. If such initiated/re-initiated IDS transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day (EOD) process from further processing. Accordingly, such transactions shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member through their CDS main account in accordance with these Regulations and NCSS—the Procedures. However, in case of a TCSB and PCM	Text update to improve clarity of the provisions and to include Debt and GDS market.	Same as proposed

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<p>Member through their CDS main account in accordance with these Regulations and NCSS Procedures. However, in case of a TCSB and PCM providing services to Associated Entities and its Clients which is a TOSB (keeping no custody), such un-affirmed / rejected IDS Transaction shall be settled from CDS main account of PCM or TCSB in accordance with the manner prescribed in the Procedures. However, in case of IDS transactions which are initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member with a client code of IBD as permitted by the Company for trading on behalf of its clients/Associated entity and its clients, IDS transactions that are neither affirmed nor rejected within the specified time as per Designated Time Schedule shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member through CDS sub-account of the respective IBD in accordance with these Regulations and NCSS Procedures.</p> <p>6. Custodian Clearing Members shall not be allowed to edit the</p>	<p>providing services to Associated Entities and its Clients which is a TOSB (keeping no custody), such un-affirmed / rejected IDS Transaction shall be settled from CDS main account of PCM or TCSB in accordance with the manner prescribed in the Procedures. However, in case of IDS transactions which are initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member with a client code of IBD as permitted by the Company for trading on behalf of its clients/Associated entity and its clients, IDS transactions that are neither affirmed nor rejected within the specified time as per Designated Time Schedule shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member through CDS sub-account of the respective IBD in accordance with these Regulations and NCSS <u>the</u> Procedures.</p> <p>6. Custodian Clearing Members shall not be allowed to edit the details of such initiated IDS</p>		

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<p>details of such initiated IDS transaction posted by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member and shall be required to affirm or reject such transaction within specified time as per Designated Time Schedule. In case where IDS Transactions are initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member with a client code of an IBD as permitted by the Company for trading on behalf of its clients, Custodian Clearing Member shall be required to provide the respective CDS sub-account numbers of IBD clients at the time of affirming IDS transactions. It shall be mandatory that UIN of such sub-account and UIN provided by PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member at the time of initiation/re-initiation of such IDS Transaction are the same and such Custodian Clearing Member is maintaining such sub-account under its CDS Participant account.</p> <p>All affirmed IDS transactions shall be settled by the affirming Custodian Clearing Members in</p>	<p>transaction posted by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member and shall be required to affirm or reject such transaction within specified time as per Designated Time Schedule. In case where IDS Transactions are initiated by a PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member with a client code of an IBD as permitted by the Company for trading on behalf of its clients, Custodian Clearing Member shall be required to provide the respective CDS sub-account numbers of IBD clients at the time of affirming IDS transactions. It shall be mandatory that UIN of such sub-account and UIN provided by PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member at the time of initiation/re-initiation of such IDS Transaction are the same and such Custodian Clearing Member is maintaining such sub-account under its CDS Participant account.</p> <p>All affirmed IDS transactions shall be settled by the affirming Custodian Clearing Members in</p>		

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
accordance with these Regulations and NCSS Procedures	<p>accordance with these Regulations and NCSS the Procedures.</p> <p><u>IDS Module shall also facilitate the Custodian Clearing Members for clearing and settlement of trades and transactions executed on behalf of the clients in the Debt and GDS markets in accordance with the manner and subject to such terms and conditions as are prescribed in the Procedures / Joint Procedures.</u></p>		
<p>9.10.a.2 Clearing & Settlement of trades in respect of eligible collective investment schemes of an asset management company that are also admitted as Non-Broker Clearing Member.</p> <p>1. Institutional Delivery System (IDS) module shall facilitate asset management company for clearing and settlement of trades executed for its respective eligible collective investment scheme, through respective TOSB (keeping limited custody), TSSB and TCSB</p>	<p>9.10.a.2 Clearing & Settlement of trades in respect of eligible collective investment schemes of an asset management company that are also admitted as Non-Broker Clearing Member.</p> <p>1. Institutional Delivery System (IDS) module shall facilitate asset management company for clearing and settlement of trades executed for its respective eligible collective investment scheme <u>(in any Market, as applicable)</u> through respective TOSB (keeping limited custody), TSSB and TCSB Clearing Members in any of the Markets, through NCSS.</p>	Text update to improve clarity of the provisions	Same as proposed

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>Clearing Members in any of the Markets, through NCSS.</p> <p>5. If such initiated IDS transaction is neither affirmed nor rejected or when the same is rejected by the asset management company within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day process from further processing. Accordingly, such transactions shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member through their CDS house account in accordance with these Regulations and NCSS Procedures. However, in case of a PCM and TCSB providing services to Associated Entities and its Clients which is a TOSB (keeping no custody), such un-affirmed / rejected IDS Transaction shall be settled from proprietary CDS-Sub Account of the respective TOSB maintained under the PCM and/or TCSB, as the case may be, in accordance with the manner prescribed in the Procedures.</p>	<p>5. If such initiated IDS transaction is neither affirmed nor rejected or when the same is rejected by the asset management company within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day process from further processing. Accordingly, such transactions shall be settled by the initiating PCM, TOSB (keeping limited custody), TSSB and TCSB Clearing Member through their CDS house account in accordance with these Regulations and NCSS <u>the</u> Procedures. However, in case of a PCM and TCSB providing services to Associated Entities and its Clients which is a TOSB (keeping no custody), such un-affirmed / rejected IDS Transaction shall be settled from proprietary CDS-Sub Account of the respective TOSB maintained under the PCM and/or TCSB, as the case may be, in accordance with the manner prescribed in the Procedures.</p>		

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
7. The asset management company shall allocate, all affirmed IDS transaction to respective eligible collective investment scheme through NCSS IDs issued to eligible collective investment scheme by the Company and accordingly, the collective investment scheme shall settle transaction in NCSS through CDS house account of respective collective investment schemes, as per the mechanism prescribed under the NCSS Procedures.	7. The asset management company shall allocate, all affirmed IDS transaction to respective eligible collective investment scheme through NCSS IDs issued to eligible collective investment scheme by the Company and accordingly, the collective investment scheme shall settle transaction in NCSS through CDS house account of respective collective investment schemes, as per the mechanism prescribed under the NCSS Procedures.		
9.16 Auction of Government Debt Securities “GDS” 9.16.2 Collection of advance against bid amount from Auction Participants: a. The Auction Participants shall deposit with the Company, advance against the bids submitted with the Exchange. The amount of advance to be deposited against the bid amount shall be prescribed and notified by the Company in accordance with the manner prescribed in the Procedures/Joint procedures.	9.16 Auction of Government Debt Securities “GDS” 9.16.2 Collection of advance against bid amount from Auction Participants: a. The Auction Participants shall deposit with the Company, advance against the bids submitted with the Exchange. The amount of advance to be deposited against the bid amount shall be prescribed and notified by the Company in accordance with the manner prescribed in the Procedures/Joint procedures.	The Collective Investment Schemes through its Trustee is eligible to provide an irrevocable undertaking against the advance required to be deposited for bid amount. The Scope of this undertaking has been proposed to be further extended to cover the margins, mark-to-market losses	Same as proposed

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>b. b. The advance against the bid amount shall be collected from the Auction Participant as per the notified designated time schedule in the form of cash, Standing Instruction and / or irrevocable undertaking subject to following conditions:</p> <p>I. Auction Participants that are Clearing Members of the Company, except for banks, development financial institution, and collective investment schemes, shall be eligible to deposit the advance in the form of Cash only.</p> <p>II. Auction Participants that are banks or development financial institutions and admitted as Non-Broker Clearing Members of the Company, shall be eligible to deposit the advance in the form of Cash and / or Standing Instruction.</p> <p>III. Auction Participants that are Collective Investment Schemes and admitted as</p>	<p>b. The advance against the bid amount shall be collected from the Auction Participant as per the notified designated time schedule in the form of cash, Standing Instruction and / or irrevocable undertaking subject to following conditions:</p> <p>i. Auction Participants that are Clearing Members of the Company, except for <u>those Non-Broker Clearing Members that are</u> banks, development financial institution, and collective investment schemes, shall be eligible to deposit the advance in the form of Cash only.</p> <p>ii. Auction Participants that are banks or development financial institutions and admitted as Non-Broker Clearing Members of the Company, shall be eligible to deposit the advance in the form of Cash and / or Standing Instruction.</p> <p>iii. Auction Participants that are Collective Investment Schemes and admitted as Non-Broker Clearing Members of the</p>	<p>and settlement value pertaining to trades and transactions executed by such Collective Investment Scheme in the GDS Market.</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>Non-Broker Clearing Members of the Company, shall be eligible to deposit the advance in the form of Cash and / or irrevocable undertaking.</p> <p>“irrevocable undertaking” for the purpose of Regulation 9.16 shall mean an undertaking provided by the Trustee of the Collective Investment Scheme in the prescribed form confirming the availability of the bid amount to the Company</p>	<p>Company, shall be eligible to deposit the advance in the form of Cash and / or irrevocable undertaking.</p> <p>“irrevocable undertaking” for the purpose of Regulation 9.16 shall mean an undertaking provided by the Trustee of the Collective Investment Scheme in the prescribed form <u>to the Company</u> confirming the availability of the bid amount <u>and the amount payable to the Company against the exposure margins, mark-to market losses and Settlement Value with respect to trades and transactions executed in the Debt Market and GDS Market</u> by such Collective Investment Scheme. <u>to the Company</u></p>		
<p>9B.10 IDS and IDSC Transactions:</p> <p>a) The PCM shall be allowed for initiation of IDSC transactions. Where the IDSC transaction is affirmed by the CCM, settlement obligation will shift to the CCM, however, the margins deposited by the PCM shall not be released till the Settlement Date. However, where such IDSC transactions remained un-affirmed or are</p>	<p>9B.10 IDS and IDSC Transactions:</p> <p>a) The PCM shall be allowed for initiation of IDS/IDSC transactions for all Markets, <u>as applicable</u>. Where the IDSC transaction is affirmed by the CCM, settlement obligation will shift to the CCM. However, the margins deposited by the PCM shall not be released till the Settlement Date. However, where such IDSC transactions remained un-affirmed or are rejected by the CCM, Balance Order will be generated in the CDS main account of PCM.</p>	<p>Enabling provisions have been added to prescribe operational details relating to PCM’s IDS transactions in the Debt Market/GDS Market through addition of Joint Procedures. Further, the</p>	<p>Same as proposed</p>

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>rejected by the CCM, Balance Order will be generated in the CDS main account of PCM.</p> <p>c) All provisions stipulated under these Regulations pertaining to clearing and settlement of IDS and IDSC transactions shall remain applicable to the PCM subject to such terms and conditions, if any, as may be prescribed by the Company in the Procedures.</p>	<p>c) All provisions stipulated under these Regulations pertaining to clearing and settlement of IDS and IDSC transactions shall remain applicable to the PCM subject to such terms and conditions, if any, as may be prescribed by the Company in the Procedures and Joint Procedures.</p>	<p>provision prohibiting release of margins deposited by PCM with respect to affirmed IDS Transactions is proposed to be removed.</p>	
CHAPTER 10 BALANCE ORDER SYSTEM			
<p>10.11 Non-delivery Charges</p> <p>10.11.1 Without prejudices to or in any manner limiting the obligations of a delivering Clearing Member as set out in these Regulations and/or the Procedures arising from his failure to deliver any Securities by the Designated Time on a Settlement Date pursuant to a Security delivery order (Balance Order Settlement) or pursuant to squaring-up process, the Clearing Member shall pay to the Company (in addition to his above referred obligations) non-delivery charges for each non-delivery per Security at the rate of 0.5% of the System Price established on Settlement</p>	<p>10.11 Non-delivery Charges</p> <p>10.11.1 Without prejudices to or in any manner limiting the obligations of a delivering Clearing Member as set out in these Regulations and/or the Procedures arising from his failure to deliver any Securities by the Designated Time on a Settlement Date pursuant to a Security delivery order (Balance Order Settlement) or pursuant to squaring-up process, the Clearing Member shall pay to the Company (in addition to his above referred obligations) non-delivery charges for each non-delivery per Security at the rate of 0.5% of the System Price established on Settlement Date of the undelivered securities, subject to a minimum of Rs. 2,000/- (Rupees: Two thousand only).</p> <p>Whereas such delivery default occurs in Debt Market Securities, non-delivery charges for each</p>	<p>Since Margins requirements are reduced, the penal charges on transaction failure are proposed to be increased to ensure trading discipline</p>	<p>Same as proposed</p>

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>Date of the undelivered securities, subject to a minimum of Rs. 2,000/- (Rupees: Two thousand only).</p> <p>Whereas such delivery default occurs in Debt Market Securities, non-delivery charges for each non-delivery per Security at the rate of 1% of the System Price established on Settlement Date of the undelivered Security, subject to a minimum of Rs. 10,000/- (Rupees: Ten thousand only).</p> <p>In addition to non-delivery charges prescribed under Regulation 10.11.1 above, TOSB (keeping limited custody), TSSB and TCSB Clearing Member acting as Designated Market Maker shall be liable to pay enhanced delivery default charges on monthly basis subject to following conditions:</p> <ul style="list-style-type: none"> where delivery failure of one specific Exchange Traded Fund 'ETF' exceeds 3% of total shares bought or sold during the month, whichever is lower by the Designated 	<p>non-delivery per Security at the rate of 1% of the System Price established on Settlement Date of the undelivered Security, subject to a minimum of Rs. 10,000/- (Rupees: Ten thousand only).</p> <p><u>Whereas such delivery default occurs in Debt Market and / or GDS Market (excluding trades relating to NDM Reporting Interface), non-delivery charges for each non-delivery per Security, at the rate of 1% of the System Price established on Settlement Date of the undelivered Security, subject to a minimum of Rs.20,000 shall be applicable.</u></p> <p>In addition to non-delivery charges prescribed under Regulation 10.11.1 above, TOSB (keeping limited custody), TSSB and TCSB Clearing Member acting as Designated Market Maker <u>and / or Market Maker for Listed Debt Securities including GDS</u> shall be liable to pay enhanced delivery default charges on monthly basis subject to following conditions:</p> <ul style="list-style-type: none"> where delivery failure of one specific Exchange Traded Fund 'ETF' <u>/ Listed Debt Securities including GDS</u> exceeds 3% of total shares <u>/ debt securities</u> bought or sold during the month, whichever is lower by the Designated 	<p>Clearing Members acting as Market Maker for GDS have also been included.</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>Market Maker, non-delivery charges at the rate of 1% of the System Price established on Settlement Date of the undelivered ETF, subject to a minimum of Rs. 4,000/- (Rupees: Four thousand only) shall be imposed. These enhanced charges shall be applied for a period of six months.</p> <ul style="list-style-type: none"> where delivery failure of one specific ETF exceeds 3% of total shares bought or sold for two consecutive months by the Designated Market Maker, non-delivery charges at the rate of 2% of the System Price established on Settlement Date of the undelivered ETF Securities, subject to a minimum of Rs. 8,000/- (Rupees: eight thousand only) shall be imposed. These enhanced charges shall be applied for a period of twelve months. 	<p>Market Maker <u>and / or Market Maker for Listed Debt Securities including GDS</u>, non-delivery charges at the rate of 1% of the System Price established on Settlement Date of the undelivered ETF <u>/ Listed Debt Securities including GDS</u>, subject to a minimum of Rs. 4,000/- (Rupees: Four thousand only) shall be imposed. These enhanced charges shall be applied for a period of six months.</p> <ul style="list-style-type: none"> where delivery failure of one specific ETF <u>/ Listed Debt Securities including GDS</u> exceeds 3% of total shares <u>/ debt securities</u> bought or sold for two consecutive months by the Designated Market Maker <u>and / or Market Maker for Listed Debt Securities including GDS</u>, non-delivery charges at the rate of 2% of the System Price established on Settlement Date of the undelivered ETF Securities <u>/ Listed Debt Securities including GDS</u>, subject to a minimum of Rs. 8,000/- (Rupees: eight thousand only) shall be imposed. These enhanced charges shall be applied for a period of twelve months. 		
CHAPTER 10A BALANCE ORDER SYSTEM FOR TRADE-FOR TRADE SETTLEMENT			
10A.1 Deliver Security balance order and receive Security balance order under Balance Order Accounting Operation for Trade-for-Trade Settlement	10A.1 Deliver Security balance order and receive Security balance order under Balance Order Accounting Operation for Trade-for-Trade Settlement	Text Improvement and including provisions relating to T+0 settlement in case of NDM Reporting Interface	Same as proposed

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<p>10A.1.1 The Company will conduct a Balance Order Accounting Operation based upon Balance Order Contracts pursuant to which the Company will determine the gross deliver and receive Security obligations of every Debt Market trade, GDS Market trade and NDM Reporting Interface Trade of each CDS main, temporary account, investor account, house and/or sub-account maintained with a Clearing Member and prepare Balance Order and Transmit to CDS and Clearing Members accordingly at Designated Time by Settlement Date as per the following mechanism:</p> <p>h) However, in case of partial payment and partial delivery, settlement shall be processed on the basis of written request by both Clearing Members, identifying the defaulted UIN(s) and consent of Clearing Member in respect of acceptance of partial delivery or payment, within the Designated Time Schedule to the Company shall initiate settlement process proportionately for such partial payment and partial</p>	<p>10A.1.1 The Company will conduct a Balance Order Accounting Operation based upon Balance Order Contracts pursuant to which the Company will determine the gross deliver and receive Security obligations of every Debt Market trade, GDS Market trade and NDM Reporting Interface Trade of each CDS main, temporary account, investor account, house and/or sub-account maintained with a Clearing Member and prepare Balance Order and Transmit to CDS and Clearing Members accordingly at Designated Time by Settlement Date as per the following mechanism:</p> <p>h) However, in case of partial payment and partial delivery, settlement shall be processed on the basis of written request by both Clearing Members, identifying the defaulted UIN(s) and consent of Clearing Member in respect of acceptance of partial delivery or payment, within the Designated Time Schedule, the Company shall initiate settlement process proportionately for such partial payment and partial delivery. In case of non-submission of said written request by the concerned Clearing Member, within the Designated Time Schedule, the Company shall initiate settlement process proportionately for</p>	<p>for GDS.</p> <p>Text Improvement.</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>delivery In case of non-submission of said written request by the concerned Clearing Member, within the Designated Time Schedule, the Company shall initiate settlement process proportionately for such partial payment and partial delivery subject to consent of concerned Clearing Member. In such case the Company shall initiate following closed-out proceedings:</p> <p>ii. for trades pertaining to the NDM the relevant trade(s) shall be closed-out at the trade price of such trade(s). However, in case where the partial delivery or payment is not acceptable to counter Clearing Member, the partial delivery or payment shall be returned to defaulting Clearing Member.</p> <p><u>New Insertion</u></p>	<p>such partial payment and partial delivery subject to consent of concerned Clearing Member in such case the Company shall initiate following closed-out proceedings:</p> <p>ii. for trades pertaining to the NDM, the relevant trade(s) shall be closed-out at the trade price of such trade(s). However, in case where the partial delivery or payment is not acceptable to counter Clearing Member, the partial delivery or payment shall be returned to defaulting Clearing Member.</p> <p><u>Provided that the Company shall settle NDM Reporting Interface related trades for GDS on T+0 settlement cycle in accordance with the manner and subject to terms and conditions as may be prescribed by the Company in the Procedures / Joint Procedures.</u></p>	<p>Provision added to refer Procedures / Joint Procedures for operational details relating to GDS related NDM transactions to be settled on T+0</p> <p>Provisions restricting settlement of trades in Market on T+0 are removed</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
Provided that the Company shall not conduct a Balance Order Accounting Operation on the trades executed between two Securities Brokers in the NDM Reporting Interface for T+0 settlement cycle except under such circumstances as may be prescribed by the Company in the Procedures.	Provided that the Company shall not conduct a Balance Order Accounting Operation on the trades executed between two Securities Brokers in the NDM Reporting Interface for T+0 settlement cycle except under such circumstances as may be prescribed by the Company in the Procedures / Joint Procedures.		
CHAPTER 12 RISK MANAGEMENT BY THE COMPANY			
12.4 EXPOSURE AND NETTING: 12.4.1 Determination of Exposure: (b) the Non-Broker Clearing Members shall be required to affirm their auto-initiated institutional delivery system (IDS) transaction(s) which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member as per their instructions in terms of these Regulations and Procedures. Further, the Non-Broker Clearing shall be required to affirm the IDS transaction(s) initiated by PCM and/or TCSB Clearing Member on behalf of its Associated Entities and its Clients and per the terms and conditions	12.4 EXPOSURE AND NETTING: 12.4.1 Determination of Exposure: (b) the Non-Broker Clearing Members shall be required to affirm their auto-initiated institutional delivery system (IDS) transaction(s) which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member as per their instructions in terms of these Regulations and Procedures. Further, the Non-Broker Clearing shall be required to affirm the IDS transaction(s) initiated by PCM and/or TCSB Clearing Member on behalf of its Associated Entities and its Clients and per the terms and conditions prescribed in the Procedures. The Custodian Clearing Members shall be required to affirm their initiated IDS transaction(s) on behalf of their clients after successful pre-matching which are executed by the respective TOSB (keeping limited custody), TSSB & TCSB Clearing	Amendments proposed for text improvement and clarity. The provisions have been added to clarify that similar to Non-Broker Clearing Members, in case an eligible entity which is a Non-Broker Debt Market Clearing Member, fails to affirm the auto initiated IDS transaction in a debt security or rejects such IDS transactions, it shall also be liable to pay a penalty for such failure to affirm	Same as proposed

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>prescribed in the Procedures. The Custodian Clearing Members shall be required to affirm their initiated IDS transaction(s) on behalf of their clients after successful pre-matching which are executed by the respective TOSB (keeping limited custody), TSSB & TCSB Clearing Members as per the instructions of clients in terms of these Regulations and Procedures. Whereas, CDC, being a Non-Broker Clearing Member, shall also be required to affirm auto-initiated IDS transaction(s) of its clients which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member in terms of these Regulations and Procedures made there under. Further, asset management companies, being a Non-Broker Clearing Member, shall also be required to affirm auto-initiated IDS transaction(s) of its eligible collective investment schemes which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member in terms of these Regulations and Procedures. Accordingly, the Company shall manage the risk of its Non-Broker Clearing Members</p>	<p>Members as per the instructions of clients in terms of these Regulations and Procedures. Whereas, CDC, being a Non-Broker Clearing Member, shall also be required to affirm auto-initiated IDS transaction(s) of its clients which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member in terms of these Regulations and Procedures made there under. Further, asset management companies, being a Non-Broker Clearing Member, shall also be required to affirm auto-initiated IDS transaction(s) of its eligible collective investment schemes which are executed by the TOSB (keeping limited custody), TSSB & TCSB Clearing Member in terms of these Regulations and Procedures. Accordingly, the Company shall manage the risk of its Non-Broker Clearing Members in terms of this Chapter in respect of the IDS transactions affirmed by such Clearing Members in order to monitor and mitigate the risks arising out of such affirmed IDS transactions. In case an auto-initiated IDS transaction is not affirmed or is rejected by the Non-Broker Clearing Member <u>and / or Non-Broker Debt Market Clearing Member</u>, the Company shall impose a penalty, as provided in Fee, Charges and Deposits Schedule on the concerned Non- Broker Clearing Member <u>and / or Non-Broker Debt Market Clearing Member</u> or the PCM, TOSB (keeping limited custody), TSSB & TCSB Clearing Member as the case may be in accordance with the Procedures.</p>	<p>or rejection of IDS transactions in accordance with the Procedures.</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations																				
in terms of this Chapter in respect of the IDS transactions affirmed by such Clearing Members in order to monitor and mitigate the risks arising out of such affirmed IDS transactions. In case an auto-initiated IDS transaction is not affirmed or is rejected by the Non-Broker Clearing Member, the Company shall impose a penalty, as provided in Fee, Charges and Deposits Schedule, on the concerned Non- Broker Clearing Member or the PCM, TOSB (keeping limited custody), TSSB & TCSB Clearing Member as the case may be in accordance with the Procedures.																							
<p>12.5 EXPOSURE MARGINS: 12.5.1 Margin requirements:</p> <p>(f) In case of Debt Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>Issue Size of Listed Debt Market Securities</th><th>Margin% on Exposure</th></tr><tr><td>Up to Rs.1 billion</td><td>1%</td></tr></table>	Issue Size of Listed Debt Market Securities	Margin% on Exposure	Up to Rs.1 billion	1%	<p>12.5 EXPOSURE MARGINS: 12.5.1 Margin requirements:</p> <p>(f) In case of Debt Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>Issue Size of Listed Debt Market Securities</th><th>Margin% on Exposure</th></tr><tr><td>Up to Rs.1 billion</td><td>1%</td></tr><tr><td>Between Rs.1 billion and Rs.3 billion</td><td>1.5%</td></tr><tr><td>Above Rs. 3 billion</td><td>2%</td></tr></table>	Issue Size of Listed Debt Market Securities	Margin% on Exposure	Up to Rs.1 billion	1%	Between Rs.1 billion and Rs.3 billion	1.5%	Above Rs. 3 billion	2%	<p>1. To reduce the exposure margin rates prescribed for GDS.</p> <p>2. Further, to remove the requirement for collecting exposure margins from the brokers Debt Market Clearing</p>	<p>12.5 EXPOSURE MARGINS: 12.5.1 Margin requirements:</p> <p>(f) In case of Debt Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>Issue Size of Listed Debt Market Securities</th><th>Margin% on Exposure</th></tr><tr><td>Up to Rs.1 billion</td><td>1%</td></tr><tr><td>Between Rs.1 billion and Rs.3 billion</td><td>1.5%</td></tr><tr><td>Above Rs. 3 billion</td><td>2%</td></tr></table>	Issue Size of Listed Debt Market Securities	Margin% on Exposure	Up to Rs.1 billion	1%	Between Rs.1 billion and Rs.3 billion	1.5%	Above Rs. 3 billion	2%
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Above Rs. 3 billion	2%																						

Existing Regulations		Proposed Regulations	Rationale	Final Regulations																								
Between Rs.1 billion and Rs.3 billion	1.5%	<p>(g) In case of GDS Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>For GDS (based on remaining maturity days)</th><th>% Margin</th></tr><tr><td>≤ 1 year</td><td>0.5%0.25%</td></tr><tr><td>>1 year and ≤ 3 years</td><td>1%0.5%</td></tr><tr><td>>3 years and ≤ 5 years</td><td>1.5%0.75%</td></tr><tr><td>> 5 years and ≤ 10 years</td><td>2%1.0%</td></tr><tr><td>> 10 years</td><td>2.5%1.25%</td></tr></table> <p><u>Provided in case of GDS Market, where trades and transactions are executed by the Broker Debt Market Clearing Member for a bank, development financial institution and/ or a collective investment scheme that has been admitted by the Company as a Non-Broker Debt Market Clearing Member, the Non-Exchange IDS transactions initiated by such Broker Debt Market Clearing Member against these trades shall be assumed pre-affirmed IDS Transactions and such Broker Debt Market Clearing Member shall not be required to deposit exposure margins and mark-to-market losses with respect to any such trade or transaction.</u></p>	For GDS (based on remaining maturity days)	% Margin	≤ 1 year	0.5% 0.25%	>1 year and ≤ 3 years	1% 0.5%	>3 years and ≤ 5 years	1.5% 0.75%	> 5 years and ≤ 10 years	2% 1.0%	> 10 years	2.5% 1.25%	<p>Members with respect to IDS transactions carried out by it on behalf of a Bank, Development Financial Institution and / or a collective investment scheme that is a non-broker debt market clearing member of the Company.</p> <p>3. To include provisions, whereby, if such transactions are rejected, they will be reverted to initiating broker and it shall also be responsible for paying affirmation failure charges at the rates</p>	<p>(g) In case of GDS Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>For GDS (based on remaining maturity days)</th><th>% Margin</th></tr><tr><td>≤ 1 year</td><td>0.5%</td></tr><tr><td>>1 year and ≤ 3 years</td><td>1%</td></tr><tr><td>>3 years and ≤ 5 years</td><td>1.5%</td></tr><tr><td>> 5 years and ≤ 10 years</td><td>2%</td></tr><tr><td>> 10 years</td><td>2.5%</td></tr></table> <p><u>Provided in case of GDS Market, where trades and transactions are executed by the Broker Debt Market Clearing Member for a bank, development financial institution and/ or a collective investment scheme that has been admitted by the Company as a Non-Broker Debt Market Clearing Member, the Non-Exchange IDS transactions initiated by such Broker Debt Market Clearing Member against these trades shall be assumed pre-affirmed IDS Transactions and such Broker Debt Market Clearing Member shall not be required to deposit exposure margins and mark-to-market losses with respect to any such trade or transaction.</u></p>	For GDS (based on remaining maturity days)	% Margin	≤ 1 year	0.5%	>1 year and ≤ 3 years	1%	>3 years and ≤ 5 years	1.5%	> 5 years and ≤ 10 years	2%	> 10 years	2.5%
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<p>(g) In case of GDS Market, the Exposure Margins shall be calculated on the following rule based Margin slabs:</p> <table><tr><th>For GDS (based on remaining maturity days)</th><th>% Margin</th></tr><tr><td>≤ 1 year</td><td>0.5%</td></tr><tr><td>>1 year and ≤ 3 years</td><td>1%</td></tr><tr><td>>3 years and ≤ 5 years</td><td>1.5%</td></tr><tr><td>> 5 years and ≤ 10 years</td><td>2%</td></tr><tr><td>> 10 years</td><td>2.5%</td></tr></table>		For GDS (based on remaining maturity days)	% Margin	≤ 1 year	0.5%	>1 year and ≤ 3 years	1%	>3 years and ≤ 5 years	1.5%	> 5 years and ≤ 10 years	2%	> 10 years	2.5%															
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<p><u>New Insertion</u></p>																												

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
	<p><u>Provided further, that if such transactions are either rejected or remain un-affirmed by the concerned Non-Broker Debt Market Clearing Member, under such circumstances the trades shall be reverted back to the initiating Broker Debt Market Clearing Member and it shall be liable to deposit the exposure margin and mark-to-market losses with respect to such trades within the time specified in Designated Time Schedule.</u></p> <p><u>On failure of the Broker Debt Market Clearing Member to deposit the exposure margin and mark-to market losses against the rejected or un-affirmed IDS Transactions in GDS, the Company shall take appropriate action in accordance with Chapter 12 of these Regulations. Additionally, such initiating Broker Debt Market Clearing Member shall be liable to pay affirmation failure charges at the rates prescribed by the Company in the Procedures. Any failure or delay in depositing the affirmation failure charges shall be dealt with in accordance with the manner prescribed in the Procedures / Joint Procedures.</u></p>	prescribed in the Procedures.	<p><u>Provided further, that if such transactions are either rejected or remain un-affirmed by the concerned Non-Broker Debt Market Clearing Member, under such circumstances the trades shall be reverted back to the initiating Broker Debt Market Clearing Member and it shall be liable to deposit the exposure margin and mark-to-market losses with respect to such trades within the time specified in Designated Time Schedule.</u></p> <p><u>On failure of the Broker Debt Market Clearing Member to deposit the exposure margin and mark-to market losses against the rejected or un-affirmed IDS Transactions in GDS, the Company shall take appropriate action in accordance with Chapter 12 of these Regulations. Additionally, such initiating Broker Debt Market Clearing Member shall be liable to pay affirmation failure charges at the rates prescribed by the Company in the Procedures. Any failure or delay in depositing the affirmation failure charges shall be dealt with in accordance with the manner prescribed in the Procedures / Joint Procedures.</u></p>
12.7.19 On the occurrence of a failure by a Debt Market Clearing Member to fulfill his Margin and/or Mark to-Market Losses requirements within the period stipulated for this purpose in this Chapter, the Company may issue a notice to such Debt Market	12.7.19 On the occurrence of a failure by a Debt Market Clearing Member to fulfill his Margin and/or Mark to-Market Losses requirements within the period stipulated for this purpose in this Chapter, the Company may issue a notice to such Debt Market Clearing Member and take action in the following manner:	4. To include measures to discipline trading activity by imposing affirmation failure charges.	Same as proposed

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>Clearing Member and take action in the following manner:</p> <p>In case of PCM:</p> <p>(c) The notice, as mentioned above, shall also be sent to the Exchange. Upon receipt of such notice, such Clearing Member shall be required to deposit required Market Collateral within the time specified in the said notice. In case where such Clearing Member fails to deposit required Market Collateral within the time specified in the said notice, such Clearing Member shall be required to identify the defaulted UIN. Accordingly, the Company shall restrict such UIN's access and ability to take any further Position in the Debt Market and / or GDS Market.</p> <p>12.7.20 Failure by a Debt Market Clearing Member to meet Trade-for-Trade settlement obligation</p> <p>(a) In case where Debt Market Clearing Member fails to settle its money obligation, the relevant trade (s) shall be closed-out at the Trade Price of such trade(s). However, in case of partial</p>	<p>(c) In case of Professional Clearing Member "PCM":</p> <p>(c) The notice, as mentioned above, shall also be sent to the Exchange. Upon receipt of such notice, such PCM Clearing Member shall be required to deposit required Market Collateral within the time specified in the said notice. In case where such PCM Clearing Member fails to deposit required Market Collateral within the time specified in the said notice, such Clearing Member shall be required to identify the defaulted UIN. Accordingly, the Company shall restrict such UIN's access and ability to take any further Position in the Debt Market and / or GDS Market.</p> <p>12.7.20 Failure by a Debt Market Clearing Member to meet Trade-for-Trade settlement obligation</p> <p>(a) In case where Debt Market Clearing Member fails to settle its money obligation, the relevant trade (s) shall be closed-out at the Trade Price of such trade(s). However, in case of partial payment, close-out process shall only be applicable on the basis and on conditions</p>	<p>5. Text improvement</p>	

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>payment, close-out process shall only be applicable on the basis on conditions explained in Regulation 10A.1.1(h) of Chapter 10A of these Regulations; and</p> <p>12.7.21 The above mentioned close-out proceedings shall be executed in the following manner:</p> <p>(a) In case where Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s) shall be closed-out at the Trade Price of defaulted trade along with the said Exposure Margins with the Company;</p> <p>(b) In case where partial Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s) shall be closed-out at the Trade Price of defaulted trade(s) along with the proportionate allocation of such partial Exposure Margins; and</p> <p>(c) In case where no Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s)</p>	<p>explained in Regulation 10A.1.1(h) of Chapter 10A of these Regulations; and</p> <p>12.7.21 The above mentioned close-out proceedings shall be executed in the following manner:</p> <p>(a) In case where Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s) shall be closed-out at the Trade Price of defaulted trade along with the said Exposure Margins with the Company;</p> <p>(b) In case where partial Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s) shall be closed-out at the Trade Price of defaulted trade(s) along with the proportionate allocation of such partial Exposure Margins; and</p> <p>(c) In case where no Exposure Margins are deposited by the defaulting Debt Market Clearing Member, the relevant trade(s) shall be closed-out at the Trade Price of defaulted trade(s) only.</p>		

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
<p>shall be closed-out at the Trade Price of defaulted trade(s) only.</p> <p>Provided that for GDS, the Company shall prescribe the proportionate allocation of Exposure Margin in accordance with the manner and subject to Terms and Conditions as are prescribed in the Procedures.</p> <p><u>New Insertion</u></p> <p>12.7.22 The following penalties shall be imposed by the Company in case of default of a Debt Market Clearing Member:</p> <p>(a) The defaulted UIN, as identified by the Debt Market Clearing Member in Regulation 10A.1.1 (h) of Chapter 10A of these Regulations, shall be restricted from taking any new Position in the Debt Market and / or GDS Market for a period of six months.</p> <p>(b) In case of more than one default by the same UIN with the same Debt Market Clearing</p>	<p>Provided that for GDS, the Company shall prescribe the proportionate allocation of Exposure Margin, <u>where applicable</u>, in accordance with the manner and subject to Terms and Conditions as are prescribed in the Procedures.</p> <p><u>Provided further, that the Company shall impose a settlement obligation failure charges on all such Debt Market Clearing Members at the rate and subject to terms and conditions as defined in the Procedure / Joint Procedures.</u></p> <p>12.7.22 The following penalties, <u>in addition to the charges prescribed in Regulations 12.7.21 above</u>, shall be imposed by the Company in case of default of a Debt Market Clearing Member:</p> <p>(a) The defaulted UIN, as identified by the Debt Market Clearing Member in Regulation 10A.1.1 (h) of Chapter 10A of these Regulations, shall be restricted from taking any new Position in the Debt Market and / or GDS Market for a period of six months.</p> <p>(b) In case of more than one default by the same UIN with the same Debt Market Clearing Member, such Debt Market Clearing Member</p>		

Existing Regulations	Proposed Regulations	Rationale	Final Regulations
Member, such Debt Market Clearing Member shall also be restricted from taking any new Position in the Debt Market and / or GDS Market for a period of six months.	shall also be restricted from taking any new Position in the Debt Market and / or GDS Market for a period of six months.		

Schedule-II -

FORM OF EXPOSURE MARGINS, MARK-TO-MARKET LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS

SR NO.	MARKET	EXPOSURE MARGINS	MARK-TO-MARKET LOSSES	SPECIAL MARGIN	CONCENTRATION MARGINS	LIQUIDITY MARGINS	ADDITIONAL MARGINS
9	Debt Market and GDS Market)	Cash, Near Cash Instruments and/or Bank Guarantee/and/ or Standing Instructions <u>(refer note 3) /irrevocable undertaking (refer note 3a)</u>	Cash and / Standing Instructions <u>(refer note 3) / irrevocable undertaking (refer note 3a)</u>	Not applicable	Not applicable	Not applicable	Not applicable

Note:

A. General:

3. Standing Instruction shall be an acceptable form of collateral only from following Clearing Members:

- a. Custodian Clearing Member(s) that are clearing and settling trades and transactions of its clients that are foreign investors and meeting any other terms and conditions as may be prescribed by the Company from time to time. The Company shall have absolute discretion to determine the Custodian Clearing Members eligible for providing Standing Instructions and may impose any condition, considered expedient, before accepting Standing Instruction from a Custodian Clearing Member.
- b. Banks and development financial institutions admitted as Debt Market Clearing Members ~~only~~ with respect to trades and transactions carried out in Debt Market / GDS Market.

3a. The irrevocable undertaking shall be an acceptable form of collateral from the collective investment schemes that have been admitted as a Non-Broker Debt Market Clearing Member only with respect to trades and transactions carried out in Debt Market / GDS Market.

3b. No margin or MTM loss shall be collected with respect to trades carried out in the Debt / GDS Market based on T+0 settlement cycle.