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Notice | Media Release | Trading Holidays | Settlement Holidays | Contact Us |
FeedBack | Query/Grievance

Group Websites ⌄

About Us   Clearing & Settlement   Risk Management

Interoperability   Membership   Downloads   Contact Us

Home >   Downloads >   Notices

Notices

Notice No	20240814-8	Notice Date	14 Aug 2024
Category	Settlement/RMS	Segment	Derivatives
Subject	Penalty structure for position limit violation in Equity Derivative and Currency Derivative segment		

Content

In partial modification to ICCL circular no. 20230106-56 dated January 06, 2023, Trading Members/ Clearing Members are hereby informed that with effect from September 01, 2024, penalty will be levied on position limit violation in Equity Derivative and Currency Derivative segment as per the below mentioned norms.

Participants are required to adhere to the position limits as specified by SEBI from time to time. In case of any violation in open position limits beyond the specified limits in a security/ Currency pair/ Interest Rate Derivative at any level (member level, financial institution level, client level, etc), then penalty shall be levied on a monthly basis based on slabs as mentioned below or such other amount as specified by the Clearing Corporation from time to time.

Penalty structure for FPI /Mutual Fund/ Trading member level position limit violation in Currency and Equity Derivatives:

Instances of Violations in a calendar Month	Penalty to be levied
1st instance	No penalty
2nd to 5th instance of violation	Rs.5,000/- per instance from 2nd to 5th instance
6th to 10th instance of violation	Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance
11th instance onwards	Rs 70,000 (From 2nd-10th instance) + Rs 1,000 * Cumulative no. of Instances from 11th Instance onwards (i.e. Rs 11,000 for 11th Instance, Rs 12,000 for 12th Instance and so on). Additionally, the member will be referred to the Member Committee for suitable action. Please find attached Annexure for details.

Penalty structure for Client/NRI/ scheme of MF level position limit violation in Equity Derivatives:

When the open position of any client in any security, exceeds the specified limit at the end of the day the same shall be treated as a violation.

In the event of violation, the following penalty would be charged to the clearing members for every day of violation:

1.   1% of the value of the quantity in violation (i.e., excess quantity over the allowed quantity, valued at the closing price of the security in the normal market of the Capital Market segment of the Exchange) per client or

2.   Rs.1,00,000 per client, whichever is lower, subject to a minimum penalty of Rs.5,000/- per violation / per client.

When the client level/NRI/scheme of mutual fund violation is on account of open position exceeding 5% of the open interest, a penalty of Rs.5000/- per instance shall be levied to the clearing member.

Penalty structure for Client level position limit violation in Currency derivatives:

When the open position of any client in Currency pair/ Interest Rate Derivative, exceeds the specified limit at the end of the day the same shall be treated as a violation.

In the event of violation, a penalty of Rs. 5,000/- per violation / per client shall be levied to the Clearing members for every day of violation.

The above penalties shall be collected from the clearing member of the respective trading member and client. The concerned Clearing / Trading member may in turn recover such amount of penalty from the concerned clients who committed the violation and became liable therefore.

For any clarification, please connect with ICCL official on the following contact details:

Team	Contact No	Email ID
Risk Monitoring	022-2272 8811 022-2272 8614	risk.monitoring@icclindia.com

For & on behalf of ICCL

Sushant Majhi,

Chief Risk Officer

August 14, 2024

Attachments

Annexure.xls