

Bombay Stock Exchange Brokers' Forum (BBF)



Week
17-May-2020 to 23-May-2020

BBF Speaks

The Regulatory Compliance Weekly

The Regulator/ Market Infrastructure Institutions issue various communications from time to time which are in public domain. A team of market participants at BBF have attempted to curate a list of “interesting” ones for the attention of the intermediaries. Remember, even if you are not a member of a particular Market Infrastructure Institution (MII), monitoring the circulars/ notices of all gives you insights that assist you in your operations.

Feedback on this compilation may be sent to events@brokersforumofindia.com

I. DEVELOPMENTS IN COMPLIANCE (Week ended 23-May-2020)

1. Submission of Stock Broker Internal Audit Report for half year ended 31-Mar-2020

[BSE Notice No. 20200518-42 dated 18-May-2020](#)

BSE has advised members to submit Internal Audit Report in Electronic Form through BEFS on or before 30-June-2020.

2. Review/Updation of Correspondence office details on NSE ENIT platform

[NSE Circular Ref. No : 39/2020 dated 18-May-2020](#)

NSE has requested its members to review the information updated under Correspondence office details in ENIT, including email ids and phone numbers.

3. NISM Certificate Requirement in Commodity Derivatives Segment

[NSE Circular Ref. No: 26/2020 dated 19-May-2020](#)

NSE has made provision to provide/update the NISM certificate details in Commodity Derivatives Segment in ENIT.

BBF extra comments: All members should have a plan for NISM certification for the Commodity Derivatives segment

4. NSDL Annual DP System Audit Report for Cyber Security

[NSDL Circular No. NSDL/POLICY/2020/0071 dated 19-May-2020](#)

NSDL has provided the annual system audit checklist for Cyber Security & Cyber Resilience framework for Depository Participants with submission deadline as 31-July-2020.

5. FATF public statements

[BSE Notice No. 20200521-30 dated 21-May-2020](#)

BSE has in pursuance of SEBI mail dated 30-Apr-2020 advised all members to take note and comply with the public statements dated February 21, 2020 released by the Financial Action Task Force (FATF).

6. Half Yearly Stock Broker Network Certificate

[Circular Ref. No : 40/2020 dated 21-May-2020](#)

NSE has requested members to submit Half Yearly Network Certificate as on March 31, 2020 on ENIT by 30-Jun-2020. If network is less than minimum required or there is variation of 25% of last network submitted, reasons to be mentioned.

7. Margin obligations to be given by way of margin pledge / margin re-pledge in the depository system

[CDSL circular ref. CDSL/OPS/DP/POLCY/2020/234 dated 22-May-2020](#)

CDSL has provided detailed depository level information / requirements / guidelines for implementation of the SEBI guidelines for pledge re-pledge system. All DPs of CDSL have been directed by CDSL to disseminate the same to their TM/CM clients. The “Effective Date” of implementation of the pledge re-pledge system is awaited.

BBF extra comments: All members should understand and be prepared for the new pledge re-pledge system.

8. Regulatory measures introduced by SEBI to continue in view of ongoing uncertainty

[SEBI Press Release PR No.28/2020 dated 22-May-2020](#)

Various regulatory measures issued by SEBI vide Press Release dated 20-Mar-2020 will continue to be in force till 25-June-2020. These include:

- *Revision of Market Wide Position Limit (MWPL) (including enhanced penalty structures)*
- *Increase in margin (cash plus derivatives)*
- *Revised position limits in equity index derivatives (futures and options)*
- *Flexing of dynamic price bands for F&O stocks*

BBF extra comments: Penalty of violating the open interest in the ban period (even intra-day) continue to remain significantly enhanced. Please monitor the positions in your offices.

9. NSE Advisory for members due to the COVID 19 Pandemic (Maharashtra)

[NSE Circular Ref. No: 29/2020 dated 23-May-2020](#)

NSE has requested members to follow preventive measures to safeguard against the pandemic like running offices with minimal staff (not be more than 20%) and avoid transporting their staff in individual cars - adopt such modes of transport that allow larger numbers to be transported together with required social distancing.

II. OTHER DEVELOPMENTS (Week ended 23-May-2020)

1. Revision in Scheme of Strikes in Stock Options by NSE

[Circular Ref. No: 47/2020 dated 18-May-2020](#)

NSE has informed that minimum of 5-1-5 and maximum of 12-1-12 (In the money-At the money-Out of the money) strikes shall be available in order to cover at least 20% price movement w.e.f. 29-May-2020

2. Availability of Negative Price levels feature in ICCL Systems

[BSE Notice No. 20200519-1 dated 19-May-2020](#)

In the ICCL risk management systems, volatility model has been changed from logarithmic returns to normal returns to ensure the model works for negative prices as well. Margin values will remain positive even in negative prices.

BBF extra comments: Negative prices in commodity derivatives segment is possible, kindly monitor your client positions from RMS point of view

3. Launch of NCDEX AGRIDEX Futures contract

[NCDEX circular No : NCDEX/TRADING-023/2020 dated 19-May-2020](#)

[NCDEX Circular No : NCDEX/Finance & Accounts-001/2020 dated 20-May-2020](#)

[NCDEX Circular No : NCDEX/TRADING-025/2020 dated 21-May-2020](#)

NCDEX has launched AGRIDEX Index Futures contract launched w.e.f. 26-May-2020 and informed of matters related to the contract.

BBF extra comments: Index in commodities is an interesting product that members should consider studying

4. Transaction Charges on Trading in Futures Contracts

[NCDEX Circular No : NCDEX/TRADING-024/2020 dated 20-May-2020](#)

NCDEX has provided the Transaction Charges on Trading in Futures Contracts at the exchange.

5. Facility at NCM to CMs to monitor Intraday Uncrystallised MtoM losses

[NCL Circular Ref. No: 028/2020 dated 20-May-2020](#)

NCL has requested members to note that w.e.f. 26-May-2020, facility has been provided in NMASS to Clearing Members to monitor Intraday Uncrystallised Mark to Market losses in Currency Derivatives Segment.

6. Marketplace Tech Infra Services Pvt. Ltd. empanelled as ASP Vendor of NCDEX

[NCDEX Circular No. : NCDEX/TECHNOLOGY-017/2020 dated 21-May-2020](#)

NCDEX has informed of M/s. Marketplace Tech Infra Services Pvt. Ltd. being empanelled as ASP Vendor (including for Agridex).

BBF extra comments: MII provided trading platforms can be cost effective solutions for offering trading facilities

7. Additional services in NSE ENIT mobile application

[Circular Ref. No: 27/2020 dated 21-May-2020](#)

NSE has informed of the availability of following services for IOS users of the ENIT mobile application:

- 1. Pro Enablement Request*
- 2. Pro Disablement Request*
- 3. Corporate Manager Password Reset Request*
- 4. Corporate Manager Password Unlock Request*

8. Revised List of Approved Banks at MCX

[MCX Circular No. MCX/MCXCL/362/2020 dated 21-May-2020](#)

[MCXCL Circular No. MCXCL/C&S/115/2020 dated 21-May-2020](#)

MCX has issued revised list of Approved Banks (w.e.f. 25- May-2020) for BG/ FD. Bank-wise and member-wise limits have been stipulated to be disseminated on website on a daily basis w.e.f 23-May-2020.

BBF extra comments: List of approved banks keep on changing. Keep note of the bank and the available limit on the Clearing Corporation website.

9. New Margin charging Framework

[BSE Notice No. 20200522-37 dated 22-May-2020](#)

[BSE Notice No. 20200522-38 dated 22-May-2020](#)

[BSE Notice No. 20200522-39 dated 22-May-2020](#)

ICCL has made available on its website sample files for various segments for the new margin calculation framework that will come into effect from 01-Jun-2020.

BBF extra comments: Members should keep themselves abreast of the new margin calculation norms that come into effect w.e.f. 01-Jun-2020

10. Relaxation in Eligibility Criteria for SMEs

[BSE Notice No. 20200522-21 dated 22-May-2020](#)

In view of Covid-19 Pandemic situation, eligibility criteria of Net Tangible Assets and Track Record for listing on BSE SME platform have been relaxed. There is no change in the existing guidelines for NBFC and Broking companies which wish to be listed on the BSE SME platform.

11. NSE Liquidity Enhancement Scheme (LES) – Gold Mini Options

[Circular Ref. No: 16/2020 dated 22-May-2020](#)

NSE has introduced LES in the Gold Mini Options in the Commodity Derivatives Segment with effect from June 8, 2020. Trading members interested in providing continuous quotes as Market Makers shall be required to register with the Exchange. Exchange will appoint one designated MM based on a competitive bidding. Last date for bids 27-May-2020. Monthly incentive of Rs.40 lakh.

BBF extra comments: Participating as Market Maker in LES schemes is an interesting business model that members should consider studying

12. Transaction charges for Interest Rate Options at NSE

[Circular Ref. No: 6/2020 dated 22-May-2020](#)

NSE has decided that no transaction charges will be levied on the trades done in Interest Rate Options contracts in the Currency Derivatives segment of the Exchange till 31-Dec-2020

BBF extra comments: Interest Rates Futures and Options are interesting products that members should consider studying

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Previous version of BBF Speaks (weekly)

Week ended 16-May-2020

Week ended 23-May-2020