



CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/57

April 28, 2025

To

All recognised Stock Exchanges

All recognised Clearing Corporations (except Commodity Clearing Corporations)

Sir/ Madam,

Sub: Timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle

1. The Master Circular for Stock Brokers dated August 09, 2024 (“Master Circular”), requires the Trading Members (TMs)/ Clearing Members (CMs) to collect margins from their clients in cash segment (Para 39.1)
2. TMs / CMs are required to mandatorily collect upfront VaR margins and ELM from their clients. TMs/CMs have time till ‘T+2’ working days to collect margins (except VaR margins and ELM) from their clients (Para 39.1.2).
3. With effect from January 27, 2023, settlement cycle has been reduced from T+2 to T+1 across all scrips in cash market. In this regard, based on representation received from the Brokers’ Industry Standards Forum (ISF) and to ensure a more robust risk management framework, it has been decided that keeping in view the change in the settlement cycles, the TMs/ CMs shall be required to collect margins (except VaR margins and ELM) from their clients by the settlement day.
4. Accordingly, the below given paras of the Master Circular shall be modified as follows:

Para 39.1.2: “Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs/CMs will have time till settlement day to collect margins (except VaR margins and ELM) from their clients. (The clients must ensure that the VaR margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by the Stock Exchanges/TMs/CMs. The period till settlement has been allowed to TMs/CMs to collect margin from clients taking



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into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed time till settlement day to pay margin due from them)."

Para 39.1.3: *"If pay-in (both funds and securities) is made by settlement day, the other margins would deemed to have been collected and penalty for short / non collection of other margins shall not arise."*

Para 39.1.5: *"If client fails to make pay-in by settlement day and TM / CM do not collect other margins from the client by settlement day, the same shall also result in levy of penalty as applicable."*

5. The circular shall come into force from the date of its issuance.
6. The Stock Exchanges and Clearing Corporations are advised to:
 - 6.1. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be necessary/applicable.
 - 6.2. Bring the provisions of this circular to the notice of the market Participants and to disseminate the same on their website.
7. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992 read with Regulation 30 of Chapter VII of SEBI (Stock Brokers) Regulations, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
8. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal →Circulars".

Yours faithfully,

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