

SMI Markets: India

Date: 20 Dec 2013

CMIRR Markets: India

CSDs: CDSL (India), NSDL (India)

Deposit and Base Minimum Capital Requirements for Members of Debt Segment

Further to our previous newsflash, the Securities and Exchange Board of India (SEBI) issued the circulars on the deposit and Base Minimum Capital (BMC) requirements for participants of the dedicated debt segments of stock exchanges. The requirements are:

- BMC applicable to stock broker / proprietary trading member of the debt segment:
 - Proprietary trading without algorithmic trading: INR 1 million;
 - Trading only on behalf of clients, without algorithmic trading: INR 1.5 million;
 - Proprietary and trading on behalf of clients, without algorithmic trading: INR 2.5 million
 - Trading members / brokers with algorithmic trading: INR 5 million;
- For Clearing Member (CM) / Self-Clearing Member (SCM), the deposit shall be INR 1 million, and subject to the following conditions:
 - No exposure shall be granted against such deposit requirement of the CM / SCM;
 - No deposit shall be payable by entity desirous of being CM / SCM in debt segment, in case, it is already a CM or SCM or stock broker of any other segment of the stock exchange / clearing corporation;
 - No deposit shall be payable in case a CM / SCM clears and settles trades only on gross basis for both securities and funds, and where no settlement guarantee is provided by the clearing corporation.

The relevant SEBI circulars are available here: [Deposit Requirements for members of the Debt Segment](#) and [Requirement of Base Minimum Capital for Stock Broker and Trading Member](#).

Market Information Impact

India

This newsflash is for information only.

Infrastructure Risk Ratings Impact

India

Market Rating: A

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

The deposit requirement and the base minimum capital requirement for trading and clearing members will improve the quality of market participants, to ensure their financial viability and mitigate the risk in an event of default.

CSD Risk Impact

CDSL (India)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = Positive

The deposit requirement and the base minimum capital requirement for trading and clearing members will improve the quality of market participants, to ensure their financial viability and mitigate the risk in an event of default.

NSDL (India)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = Positive

The deposit requirement and the base minimum capital requirement for trading and clearing members will improve the quality of market participants, to ensure their financial viability and mitigate the risk in an event of default.

Related Flash: [Risk Management Framework for Dedicated Debt Segment of Stock Exchanges, 16/09/2013 \(click to view\)](#)

For further information contact:

Ana Giraldo - Americas and Eurasia
Barry Morales - Asia Pacific
Guillaume Viteau - Western Europe (incl. EU)
Sinang Chrea - Africa, Middle East

Tel. +44 (0)20 8600 2300 | Fax. +44 (0)20 8741 7468

Email: cmiqueries@thomasmurray.com

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