

## **STOCK BORROWING AND LENDING – MARGIN REQUIREMENTS**

The CSE Clear (CCL) shall impose margin requirements on all Borrowing Clearing Members who intend to carry out SBL Transactions.

The total margin requirement applicable to each Borrowing Clearing Member in respect of SBL Transactions shall comprise of the following:

- (a) Minimum margin requirement,
- (b) Additional margin requirement (where applicable), and
- (c) Daily margin requirement (where applicable).

### **(a) Minimum Margin Requirement**

Each Borrowing Clearing Member shall, at all times, maintain Rs. 5,000,000 as the minimum margin requirement with the CCL.

### **(b) Additional Margin Requirement**

In the event the collateral maintained by the Borrowing Clearing Member is insufficient to satisfy the total margin requirement in respect of a borrowing order entered to initiate an SBL Transaction, the Clearing House shall impose additional margin requirements on the Borrowing Clearing Member.

Such additional requirement for each borrowing order shall be computed based on the following formula:

***Additional margin Requirement = Loan Quantity x Previous Closing Price (1 + VAR of the Security)***

### **(c) Daily Margin Requirement**

The collateral requirement shall be marked to market based on the closing price of the security at the end of each market day until the settlement of the SBL transaction. Any shortfalls based on the price fluctuations of the security shall be collected by the CCL from the Borrower's Participant as additional collateral on a daily basis. The following formula shall be used to compute the Daily margin requirement:

***Daily Margin Requirement = Loan Quantity x Closing Price (1 + VAR of the security)***