

# Info Capsule

25<sup>th</sup> February, 2020



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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## **1. REVIEW OF MARGIN FRAMEWORK FOR CASH AND DERIVATIVES SEGMENTS (EXCEPT FOR COMMODITY DERIVATIVES SEGMENT) (Circular no. SEBI/HO/MRD2/DCAP/CIR/P/2020/27) (Dated 24<sup>th</sup> February, 2020)**

SEBI has, from time to time, put in place various risk containment measures to address the risks involved in the cash and derivatives market. With a view to keeping up pace with the changing market dynamics and to bring more efficiency in the risk management framework, a comprehensive review of the margin framework was done in consultation with the Risk Management Review Committee (RMRC) of SEBI. Based on the review, it has been decided to effect the following changes to the existing risk management framework.

### **1.1 Margin framework for Cash Market**

- 1.1.1 VaR Margin Rates
- 1.1.2 Extreme Loss Margin

### **1.2 Margin framework for Derivatives (Index Derivatives, Single Stock Derivatives, Currency and Interest Rate Derivatives)**

- 1.2.1 Volatility calculation
- 1.2.2 Price Scan Range
- 1.2.3 Volatility Scan Range
- 1.2.4 Calendar Spread Charge
- 1.2.5 Short Option Minimum Charge
- 1.2.6 Extreme Loss Margin
- 1.2.7 Margin on consolidated crystallized obligation

### **1.3 Additional Margin for highly volatile stocks**

2. The provisions of the existing Circulars (given at Annexure A to this circular), inter alia, specifying risk management framework for cash and derivatives segments (except for commodity derivatives segment) shall, accordingly, be amended to the extent mentioned at Para 1 above. All other provisions/conditions specified in the Circulars given at Annexure A shall remain unchanged.
3. It is reiterated that risk management is primarily a responsibility of Clearing Corporations (CCs) and the framework prescribed by SEBI is minimum framework. CCs are allowed to be more conservative as per their own perception of risk.
4. The provisions of this Circular shall come into effect from **May 01, 2020**.

5. Stock Exchanges and Clearing Corporations are directed to:
  - a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
  - b) bring the provisions of this circular to the notice of their members and also disseminate the same on their websites; and
  - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.

The circular is available at: <https://www.sebi.gov.in/legal/circulars/feb-2020/review-of-margin-framework-for-cash-and-derivatives-segments-except-for-commodity-derivatives-segment-46058.html>

**2. *CONDONATION OF DELAY UNDER SECTION 119(2)(B) OF THE INCOME-TAX ACT, 1961 IN FILING OF RETURN OF INCOME FOR A.Y 2016-17,2017-18, AND 2018- 19 AND FORM NO.9A AND FORM NO. 10 (Circular No. 6/2020 Dated 19<sup>TH</sup> FEB, 2020)***

With the view to prevent hardship to the assessee and in exercise of powers conferred under section 119(2)(b) of the Act, the CBDT has decided that where the application for condonation of delay in filing Form 9A and Form 10 has been filed, and the Return of Income has been filed on or before 31<sup>st</sup> March of the respective assessment years i.e. Assessment Years 2016-17, 2017-18 and 2018-19, the Commissioners of Income-tax (Exemptions) are authorised u/s 119(2)(b) of the Act, to admit such belated applications for condonation of delay in filing Return of Income and decide on merit.

For all other application for condonation of delay not mentioned above, the power of condonation of delay u/s 119(2)(b) of the Act will continue with the respective authorities as per the extant Rules and Practice.

The detailed circular is available at:

[https://www.incometaxindia.gov.in/communications/circular/circular\\_no\\_6\\_2020.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_no_6_2020.pdf)