

PART B

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ITEM 1: CLEARED AND NON CLEARED DEALS

In pursuance of Regulation 3.3 of Capital Market Regulations deals admitted on the Debt clearing segment shall be as under:

1.1. Cleared Deals

Cleared Deals means the following deals executed on the Debt Segment of National Stock Exchange of India (NSE):

1. Deals in the Normal market including deals executed in
 - a. Debt securities on retail platform of debt segment
 - b. Debt securities on institutional platform of debt segment
2. Deals in the Reporting/RFQ platforms

Details of clearing and settlement of trades NSE Reporting, RFQ platform and CCIL platform are provided in **Item 15**

ITEM 2: BASIS FOR CLEARING AND SETTLEMENT OF DEALS AND SETTLEMENT OBLIGATIONS

In pursuance of Regulations 4.3 and 4.4 of Capital Market Regulations the basis for clearing and settlement of deals and settlement obligations is specified as under:

Settlement calendar periods shall be specified by the relevant authority from time to time.

2.1. Normal Market deals

Deals executed in the normal market in debt securities on retail and institutional platform.

2.1.1. Regular normal market deals

For debt securities on retail platform and institutional platform for Central Government Securities, publicly issued corporate bonds and for such privately placed corporate bonds which meet selection/eligibility criteria to be specified by the exchanges

- Transactions shall be executed in settlement type 'I'
- Settlement can be only in dematerialised mode and on a net obligation basis.
- Settlement Guarantee shall be provided
- Settlement shall be on DVP III (Netting of funds and securities) basis and shall have settlement cycle of T+1

2.1.2. Auction market deals

Auction Market deals shall be cleared and settled on a trade for trade basis under settlement type "M" (Debt Segment – Auction). Auction Market deals shall be settled on a gross obligations basis. Settlement of all transactions shall compulsorily be done in dematerialised mode and settlement guarantee shall be provided.

ITEM 3: CLEARING DAYS AND SCHEDULED TIME

In pursuance of Regulation 6.2 of Capital Market Regulations it is hereby notified that the time schedule to be observed with regards to Clearing House, Depository Clearing System and Clearing Bank is specified as under:

3.1. Settlement in Depository Clearing System

The delivering member shall complete delivery instructions for transfer of securities to Capital Market Clearing Pool Account on settlement day. The depositories shall facilitate transfer of such securities to 'Clearing Corporation Settlement Pool account' by 11.00 am.

The depositories shall credit the receiving members' pool account / clients' beneficiary account in accordance with the pay-out instructions received from Clearing Corporation on the settlement day.

3.2. Clearing Bank

The paying member shall have clear funds in their settlement account on settlement day. The Clearing Bank shall debit the paying members' account by 11.00 a.m. in accordance with instructions received from Clearing Corporation.

The Clearing Bank shall credit the receiving members' settlement account in accordance with the pay-out instructions received from the Clearing Corporation on the settlement day.

ITEM 4: MAINTENANCE OF DEPOSITORY ACCOUNT

In pursuance of Regulation 14 of Capital Market Regulations, the provision relating to clearing member's clearing account with a Depository Participant of the specified depository is hereby specified as under:

4.1. Depository Account

The members shall operate a clearing account with a Depository Participant of the depositories, National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) for the purpose of settlement of depository deals or for any other purpose as the relevant authority may specify from time to time.

For all members who are enabled on the Capital Market (CM) segment, the existing pool accounts used in CM segment for the purpose of pay-in and pay-out of securities shall be used in the Debt segment, no separate clearing account is required for the Debt segment.

ITEM 5: PROCEDURE FOR PAY-IN /PAY-OUT OF FUNDS

In pursuance of Regulation 13 of Capital Market Regulations, the provision relating to clearing bank appointed by the Clearing Corporation, are hereby specified as under:

5.1. Funds pay-in and pay-out

Funds pay-in and pay-out shall be through banks designated as Clearing Banks by the Clearing Corporation. The list of banks currently available for settlement is provided in **Part C (1)** - List of designated Clearing Banks and branches

5.2. Funds settlement obligation

The funds obligations shall have two components:

1. Trade value obligations and
2. Accrued interest obligations.

5.2.1. Trade Value Obligations:

Trade obligations shall be based on the traded value. The trade obligation shall be netted at clearing member level to arrive at the final trade obligation amount payable for a settlement.

5.2.2. Accrued Interest Obligations:

Accrued interest (AI) for Central Government securities shall be calculated as follows:

- Accrued interest for Government Securities shall be computed as below:
 - $\text{Accrued Interest} = (\text{Settlement date} - \text{Last Interest Payment date}) * \text{face value} * \text{coupon rate} / 360$
 - Difference between settlement date and Last IP/Next IP date shall be calculated using 30/360 days basis formulae
- Accrued interest for other securities is computed as below:
 - For settlement dates greater than record date and less than next interest payment (Next IP) date:
 - $\text{Accrued Interest} = (\text{Next IP date} - \text{Settlement date}) * \text{face value} * \text{coupon rate} / 365 \text{ or } 366$
 - For other settlement dates:
 - $\text{Accrued Interest} = (\text{Settlement date} - \text{Last Interest Payment date}) * \text{face value} * \text{coupon rate} / 365 \text{ or } 366$
 - For bonds trades in clean price adjusted to Rs 100 the “face value” in the above formulae shall be replaced by “100”.

The accrued interest obligation shall be netted at clearing member level to arrive at the final accrued interest amount payable/receivable.

A separate report for the accrued interest obligation shall be downloaded daily in the member's folder on extranet.

5.3. Maintenance and operation of clearing account

- Every clearing member shall maintain and operate a separate and distinct primary clearing account for the debt segment with any one of the designated clearing banks at the designated branch of the bank, as given in **Part C (1)**. The primary clearing account shall be used for clearing and settlement operations i.e., for settling funds obligation, accrued interest, payment of margins, release and enhancement of collateral, EPI of funds, penal charges, etc as may be specified by the Clearing Corporation from time to time.

5.4. Operation of clearing accounts

- Clearing members shall irrevocably authorize, as per the format given in **Part C (2)** Format of letter to be submitted by Clearing Member to Clearing Bank for operation of clearing account, the clearing banks to access their clearing accounts for debiting and crediting their clearing accounts as per the instructions of the Clearing Corporation, reporting of balances and other information as may be required by the Clearing Corporation from time to time and furnish to the Clearing Corporation an acknowledged copy of the same along with the account particulars issued by the clearing banks.
- Clearing members can deposit funds into these accounts in any form and can withdraw funds from these accounts only in self-name.
- Clearing members having funds obligation to pay shall have clear balance of requisite funds in the clearing accounts on or before the stipulated funds pay-in day and the stipulated time.
- Clearing members shall not seek to close or de-activate the clearing accounts without the prior written consent of the Clearing Corporation.
- The clearing banks shall debit/credit the clearing accounts of the clearing members as per instructions received from the Clearing Corporation from time to time. Any request from the clearing members for revoking the authorization furnished by them shall not be considered by the clearing banks. The clearing banks shall not close the clearing accounts or permit deactivation of the same without the prior written consent of Clearing Corporation.
- All bank confirmations received from clearing banks on behalf of the members towards margins, funds pay-in, collateral enhancements etc. shall be given effect only after receiving a written/electronic confirmation from their respective clearing banks.

5.5. Procedure for change in primary clearing banks

In case a clearing member wishes to shift the primary clearing account from one designated clearing bank to another, the following procedure shall be followed:

- The clearing member shall request the primary clearing bank in writing for issuing a No Objection Certificate (NOC) for shifting of the primary clearing account.
- The clearing member shall request the Clearing Corporation in writing seeking its permission for shifting of the primary clearing account and enclose the NOC received from the existing primary clearing bank in this regard or where the NOC is not received, furnish an acknowledged copy of the NOC request along with a declaration to the effect that no response has been received from the existing primary clearing bank in respect of the NOC request even after a minimum waiting period of a fortnight.
- The Clearing Corporation would thereon issue a letter of introduction to the other designated clearing bank.
- On opening the clearing account with the other designated clearing bank, the clearing member shall submit to the Clearing Corporation the document relating to the new primary clearing account issued by the clearing banks in the format as mentioned in above in 5.4.
- The Clearing Corporation shall thereon communicate the date from which the new primary clearing account shall be operational. The clearing members are required to intimate the Clearing Corporation whether they wish to continue the existing primary clearing account as one of the additional clearing accounts or discontinue the existing primary clearing account after the change in primary clearing bank. In the event of the clearing members wishing to discontinue the existing primary clearing account, the Clearing Corporation shall communicate the date after which the existing primary clearing account may be closed by the clearing member.

- In the event of the clearing members wishing to continue the existing primary clearing account as one of the additional clearing account, the clearing member shall be required to provide the letter from clearing bank confirming continuance of account as additional clearing account along with the letter in the format as mentioned in 5.6 above, for such additional clearing account.

In pursuance of Regulation 6.12 & 6.14 of Capital Market Regulations, the provision relating to pay-in and pay-out of securities by the Clearing Corporation are hereby specified as under:

6.1. Pay-in of securities

Pay-in shall be conducted on the scheduled pay-in day, in accordance with the settlement calendar periodically issued by the Clearing Corporation in this regard. Members shall maintain settlement accounts at both depositories viz. NSDL and CDSL and provide specific pay-in instructions to depositories for effecting pay-in

6.1.1. Auto Delivery Out

For pay-in through NSDL / CDSL a facility has been provided to members wherein delivery-out instructions will be generated automatically by the Clearing Corporation based on the net delivery obligations of its Clearing Members. These instructions will be released on the T+1 day and the securities in the Clearing Members' pool accounts will be marked for pay-in.

Clearing members desirous of availing this facility shall send a letter in the format provided in **Part C (3) Format of letter for Auto Delivery Out.**

6.1.2. Early pay-in of securities

Clearing Corporation provides a facility to members to make early pay-in of securities through NSDL and CDSL. Details for making early pay-in are provided in **Item 9.**

6.2. Pay-out of Securities

Pay-out shall be conducted on the scheduled pay-out day, in accordance with the settlement calendar issued periodically by the Clearing Corporation. Pay-out shall be to the member's pool account.

6.2.1. Direct pay-out to Beneficiary Account

A facility is provided to the members to directly credit the pay-out to investor's beneficiary account. Clearing members shall provide a file to Clearing Corporation for effecting pay out to investors' accounts for a particular settlement type and settlement number. Clearing members have to mention the beneficial owner's account number entitled to receive the pay-out of securities. The direct pay-out of securities can be credited to the client's account regardless of the depository in which the securities pay-in is received. In case of a shortage, the quantity credited to the client account will be to the extent of net pay-out received by the clearing member. Clearing members shall provide a file to Clearing Corporation for effecting pay out to client's accounts as detailed in **Part C (4) Direct Payout to Investors Account.**

The clearing member can provide own settlement account details if the clearing member intends to receive full or part pay-out of securities, which is not identified for direct client account pay-out, in the settlement account with specific depository. This information can be provided in the same file. The clearing member shall provide depository participant ID and depository participant client ID if the settlement account is with NSDL or CM Settlement account number if the settlement account is with CDSL.

The direct pay-out instructions uploaded by a clearing member will be considered for the particular settlement day only for which the file is uploaded. Any release of pay-out done subsequent to the settlement day as specified above, will be to the pool account of the clearing member

6.2.2. Securities Payout to Members Preferred Depository

In addition to the direct delivery of securities to the client account, members also have a facility to receive their payout in their preferred depository.

Members have a facility of preferred depository wherein payout receivable by members can be credited to the specified pool account in either of the depositories viz. NSDL or CDSL.

Members are requested to take note of the following:

1. The securities payout shall be after giving effect to any client direct payout instructions which may have been provided by clearing members for the respective security for the respective settlement. In the event of a failure of a client payout instruction at the depository, the payout shall be effected to the respective depository pool account.
2. Members shall ensure that they get their account details updated in case of shifting /change of account etc. to ensure that the payout happens to the preferred depository pool account.
3. Members may avail the said facility by providing details in the form of a letter as enclosed in **Part C (5)** Direct Payout to Investors Account along with the client master report of the respective depository pool account. Also, the same letter has to be provided in case of closure of the said preferred depository pool account along with the client master report of the respective depository pool account.
4. Members may take note that they shall continue to maintain pool accounts in both the depositories viz. NSDL and CDSL.

ITEM 7: AUCTION AND CLOSE OUT

7.1. Failure to deliver

7.1.1. Auction by Clearing Corporation

Failure of the seller to deliver bonds shall result in buy-in auction for the bonds by Clearing Corporation as per auction schedule declared periodically. Auction shall be conducted on T+1 day and settled on T+2 day. The delivering member shall complete delivery instructions for transfer of bonds to CM Clearing Pool Account on settlement day. The depositories shall facilitate transfer of such bonds to “Clearing Corporation Settlement Pool account” by 09:30 am. The auction amount shall be charged to the short delivering member.

7.1.2. Valuation Price

The valuation price for bonds which were not delivered on the settlement day for bonds, shall be the closing price of such bonds, on the T day unless prescribed otherwise from time to time by the relevant authority. For the purpose of this clause, the closing price shall be the price as announced by the Specified Stock Exchange and the day of valuation shall be the day as decided by the relevant authority of the Clearing Corporation from time to time.

7.1.3. Close Out

Failure to procure bonds in auction or failure of auction seller to deliver bonds in part or full on auction pay-in day, shall result in close out. The financial close out shall take place at highest price on Trade date (which becomes the trade price) with a 1% mark-up on trade price.

ITEM 8: LIQUID ASSETS

In pursuance of Regulation 3.10 of Capital Market Regulations, the provision relating to requirement for additional capital or margins by the Clearing Corporation, are hereby specified as under:

A member may deposit liquid assets in the form of cash, bank guarantees, fixed deposit receipts and any other form of collateral as may be prescribed from time to time.

These liquid assets are segregated as cash component and non-cash component. Cash component shall mean cash, bank guarantees, fixed deposit receipts, and approved Government of India Securities and any other form of collateral as may be prescribed from time to time. Non-cash component shall mean all other forms of collateral deposits like deposit of approved corporate bonds and any other form of collateral as may be prescribed from time to time.

The total liquid assets comprise of the cash component and the non-cash component. As per SEBI circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 wherein the cash component shall be at least 50% of liquid assets. This implies that non cash component in excess of the total cash component would not be regarded as part of total liquid assets.

8.1. Margin Deposits by the member

In pursuance of Byelaw 2 of Chapter VIII of the Byelaws and Regulation 3.10 of Chapter 3 of Regulations, the following requirements are prescribed in respect of margin deposits to be provided by the members:

Members are required to maintain a minimum deposits of Rs 1 lakh in cash form in Debt segment.

Members who wish to provide any additional deposits at any point of time, towards margin and/or other obligations, may do so in any one or combination of the following forms:

- i) Cash
- ii) Fixed Deposit Receipts (FDRs) issued by Approved Banks as per the list provided in **Part C (6)** and deposited with Clearing Corporation or with Approved Custodians as per the list provided in **Part C (7)**
- iii) Bank Guarantee in favour of NSE Clearing Ltd. from approved banks.
- iv) Government of India Securities/T-Bills, as per list provided by Clearing Corporation
- v) Corporate bonds in demat form deposited with approved custodians, as per list provided by Clearing Corporation

The Clearing Corporation may at its discretion accept fixed deposit receipts, bank guarantees, or approved securities or such other mode as may be approved and subject to such terms and conditions as may be imposed from Clearing Corporation from time to time.

8.2. Guidelines for Submission of Deposits

8.2.1. Cash

Members may submit deposit in the form of cash by making the required amount available in their respective clearing bank account and sending an authorization to the Clearing Corporation for debiting the said amount from their clearing account. The same can be provided through a web based facility called Collateral Interface for Members (CIM) which enables the members to log in through internet. Members shall log in through specific user-ids and passwords into CIM. To obtain a Login User ID, members are required to send their request to the Clearing Corporation in the format provided in **Part C (8)** Format of letter requesting activation of account in Collateral Interface for Members application.

The benefit of such cash deposit requests shall be subject to bank confirmation from the respective clearing bank. A member who has authorised the Clearing Corporation to debit his clearing account as above shall ensure due performance of the commitment. Non-fulfilment of such obligation will be treated as a violation and/ or non-performance of obligations and shall attract consequences, penalty and/ or penal charges as applicable to violations.

8.2.2. Fixed Deposit Receipt

8.2.2.1. Submission of Fixed Deposit

Members may furnish deposits in the form of FDR as mentioned above, subject to inter-alia, the compliance of the following:

- i. The FDR should be issued either in favour of: "Custodian Name" (as the case may be) - A/c MEMBER NAME" in case to be deposited with approved custodians or "NCL A/c MEMBER NAME" in case to be deposited with the Clearing Corporation.
- ii. Members are required to issue a letter to the approved custodian/ Clearing Corporation agreeing that the approved custodian/ Clearing Corporation has an irrevocable authority to encash the FDR and to withdraw the FDR amount (including accrued interest) at any time, even prior to maturity of FDR without notice to the member, for recovery/adjustment of Clearing Corporation/Exchange dues. The formats of the letter are given in **Part C (9)** - 'Format of letter by member for submission of FDR to Custodian' and as **Part C (10)** - 'Format of letter by member for submission of FDR to Clearing Corporation'.
- iii. Members are required to submit a letter from the bank issuing the FDR to the approved custodian/Clearing Corporation in the formats given in **Part C (11)** - 'Format of letter to be provided by Bank issuing FDR to the custodian' and **Part C (12)** - 'Format of letter to be provided by Bank issuing FDR to the Clearing Corporation'.
- iv. The minimum value of FDR that may be accepted shall be Rs.1 lakh.
- v. The FDR issued in physical form should have validity for a minimum period of 3 months in case of margin deposit and for a minimum period of 12 months in case of security deposit.
- vi. The FDR issued in electronic form should have validity for a minimum period of 7 days in case of margin deposit and for a minimum period of 12 months in case of security deposit.
- vii. The FDR should be issued by any of the branches of approved banks and should be payable in the cities of: Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad and Hyderabad of the Approved Banks.
- viii. Clearing Corporation shall not accept FDRs from members as collateral, which are issued by the member themselves or banks who are associate of member. For this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2012
- ix. Member can additionally provide FDR's in electronic formats. The procedure is as below:
 - a. Member approaches and requests the bank to create FDR and mark lien in favour of Clearing Corporation, the process is same as for physical FDR.
 - b. Member submits required documents to the bank for creation of FDR and marking the lien, the process is same as for physical FDR. Additional information to be provided by the member to the bank is given below:
 - Primary Member Code of the Segment

- Segment for which the FDR is required
- Security Deposit (SD) or Margin Deposit (MD)
- c. Bank shall issue the FDR and marks lien in favour of Clearing Corporation
- d. Bank shall send the FDR information in electronic form to Clearing Corporation
- e. Clearing Corporation validates and if found correct passes on the benefit of the same to the member
- f. Clearing Corporation shall send a system generated e-mail and sms to member.
- g. To get intimation for addition and renewal of instrument through e-mail and sms, members are requested to register their e-mail ids and/or mobile number under CIM module and subscribe for “Add/Renew Electronic FDR” under CIM-Email or CIM-SMS.

The list of banks approved for issuance of E-FDR is provided in **Part C (6)** ‘List of Approved Banks.

8.2.2.2. Renewal of Fixed Deposit Receipt

- i. In case of renewal of FDRs placed with Clearing Corporation, member shall furnish Clearing Corporation renewal letter, as per the following format(s) provided in **Part C**, from the respective bank.
 - **Part C (13)** Format of letter to be provided by bank for auto renewal of FDR to the Clearing Corporation - when there is change in FDR number.
 - **Part C (14)** Format of letter to be provided by Bank for auto renewal of FDR to the Clearing Corporation- when there is no change in FDR number
- ii. In case of renewal of FDRs placed with approved custodian, member shall furnish approved custodian renewal letter, as per the following format(s) provided in **Part C**, from the respective bank.
 - **Part C (15)** Format of letter to be provided by Bank for auto renewal of FDR to the custodian - when there is change in FDR number
 - **Part C (16)** Format of letter to be provided by Bank for auto renewal of FDR to the custodian - when there is no change in FDR number
- iii. The procedure of renewal of E-FDR is as below
 - a. Member shall request the bank to renew the FDR
 - b. Members can also request banks to renew existing physical FDRs in electronic form.
 - c. Member shall submit the required documents to the bank for renewal of FDR, the process is same as for physical FDR. Additional information to be provided by the member to the bank is given below.
 - Primary Member Code of the Segment
 - Segment for which the FDR is required
 - Security Deposit (SD) or Margin Deposit (MD)
 - d. Bank shall renew the FDR.
 - e. Bank shall send the renewed FDR information in electronic form to Clearing Corporation
 - f. Clearing Corporation shall validate and if found correct renews the FDR
 - g. Clearing Corporation shall send a system generated e-mail and sms to member if subscribed for.

8.2.3. Bank Guarantees

8.2.3.1. Limits

The acceptance of the bank guarantees by the clearing corporation shall be subject to the bank-wise and member-wise limits as are stipulated from time to time. The maximum value of bank guarantees that can be given from the issuing bank per member is as provided below:

Category of member	Applicable total limit per clearing member across all segments (Rs in Crores)	
	Primary Clearing Bank	Other Banks
Professional Clearing Member (PCM) / Custodian / Trading Cum Clearing Members (TM-CM) with net worth =>Rs.500 crores	1200.00	1500.00
Professional Clearing Member (PCM) / Custodian / Trading Cum Clearing Members (TM-CM) with net worth	600.00	750.00
Other categories (Other)	120.00	150.00

In addition to the above based on category of the member the below mentioned maximum value of bank guarantee limit shall be applicable across all segments /schemes:

Category of member	Applicable total limit per clearing member across all segments (Rs in Crores)
Professional Clearing Member (PCM) / Custodian / Trading Cum Clearing Members (TM-CM) with net worth =>Rs.500 crores	6000.00
Professional Clearing Member (PCM) / Custodian / Trading Cum Clearing Members (TM-CM) with net worth	3000.00
Other categories (Other)	750.00

Members are advised to check their applicable limit before getting their bank guarantees issued.

8.2.3.2. Submission of Bank guarantee

At the time of deposit of the bank guarantee, the member is required to ensure the following:

- The bank guarantee is strictly as per the formats given in **Part C (17)**- 'Format of Bank Guarantee for Margin Deposit and Security Deposit (Fungible)' and **Part C(18)** 'Format of Bank Guarantee for Margin Deposit and Security Deposit (Non Fungible)', prescribed by the Clearing Corporation, provided in part C.
- Where member is submitting Fungible Bank Guarantee, it shall submit letter to Clearing Corporation as per prescribed format in **Part C (19)** - 'Format of Member Letter for submission of Fungible Bank Guarantee to Clearing Corporation, specifying the segment where benefit needs to be provided.
- A bank guarantee for security deposit should be issued for a minimum period of 12 months with a specific claim period of at least 3 months. However, where an issuing bank does not provide for a specific claim period beyond the expiry date in the bank guarantee, the

- members shall submit a bank guarantee for a minimum period of 15 months. The maturity period of such bank guarantee shall be reduced by 3 months, which would be considered as the claim period of the bank guarantee.
- iv. A bank guarantee for margin deposit should have validity for a minimum period of 3 months. In case the issuing bank does not provide for a specific claim period beyond the expiry date in the bank guarantee, the maturity period of such bank guarantee shall be reduced by 7 days, which would be considered as the claim period of the bank guarantee.
 - v. Clearing Corporation shall not accept bank guarantees from members as collateral, which are issued by the member themselves or banks who are associate of member. For this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2012
 - vi. While filling the details in a bank guarantee, members shall ensure that:
 - a. No relevant portion is left blank
 - b. All handwritten corrections and blanks are attested by the bank by affixing the bank seal / stamp duly authorised
 - c. All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal / stamp duly authorised.
 - d. Each page of the bank guarantee should bear the bank guarantee number, issue date, stamp of the bank and should be signed by at least two authorised signatories.
 - e. The member should also ensure that the bank guarantee is free from any discrepancy before the same is submitted to the Clearing Corporation.
 - f. The stamp paper should be issued in the name of the clearing member or the bank, no third party stamp papers are permissible
 - g. The stamp paper should not be older than 6 months from the executed date of the bank guarantee/ renewal.

In case the bank guarantee does not strictly conform to the above-mentioned conditions, the same shall not be accepted by the Clearing Corporation and benefit for the same shall be made available only upon the bank guarantee being strictly in conformity with the prescribed requirements.

8.2.3.3. Renewal of Bank guarantee

In case of renewal of bank guarantees, the members shall furnish the renewal document strictly in the prescribed format before the date of expiry / maturity date of the bank guarantee. The format is given in **Part C (20)** - 'Format of renewal of bank guarantee towards Margin deposit and Security deposit'. The members may also opt to give a fresh bank guarantee in favour of NSE Clearing Limited instead of renewing the expired bank guarantees.

8.2.3.4. Electronic SFMS Message

Members are advised to ensure that Banks issuing BG in favour of Clearing Corporation send e-messages through SFMS for all new issuance/renewals of the BG. Members shall ensure that SFMS message is sent by the issuing bank before the new/renewal BG is submitted to Clearing Corporation. The exposure towards new issuance/renewals of the bank guarantees shall be provided only after receipt of the SFMS message by Clearing Corporation. Following beneficiary details of Clearing Corporation shall be provided to issuing banks for sending the e-messages through SFMS

Option 1

Field No	Description	Current Value
7034	Name Of Beneficiary And His Details	NSE CLEARING LIMITED EXCHANGE PLAZA, PLOT C-1, G BLOCK, BANDRA

		KURLA COMPLEX, BANDRA (E), MUMBAI - 400 051
7035	Beneficiary IFSC	XNSE0000001
7036	Beneficiary Branch Name and Address	NSE CLEARING LIMITED

Option 2

Field No	Description	Current Value
7035	Beneficiary IFSC	ICIC0000004
7036	Beneficiary Branch Name and Address	ICICI BANK LIMITED F.P.HOUSE NARIMAN POINT MUMBAI 215, FREE PRESS HOUSE, NARIMAN POINT, MUMBAI
7037	Sender to Receiver Information	NCL566855614

8.2.3.5. Reminder Letters through extranet

Reminder letters are downloaded on a monthly basis through the extranet in respect of the Bank Guarantees and Fixed deposits those are due for renewal in the following month.

The file naming convention for the same is:

Path: FTP/<TM CODE>/REPORTS.

BG<BG ID>_ABC_<TM CODE>_DDMMYYYY.DAT

FD<FD ID>_ABC_<TM CODE>_DDMMYYYY.DAT

This is being provided as an additional facility only and members are advised to submit the renewals of the bank guarantees and fixed deposit receipts within the stipulated period. The members shall be responsible for the renewal of FDRs/ Bank guarantees expiring in the month

8.2.4. Government of India Securities as Collaterals

Securities in form of Central Government of India Securities (G-Sec) and Treasury bills (T-bills) are also accepted as approved collaterals. G-Sec/ T-Bill can be provided through E-Kuber or through creation of pledge in demat account or through lien in CSGL account.

The procedure for submitting G-Sec/T-Bills/SGB as collateral shall be as under:

- Member/Custodian desirous of providing G-Sec/T-Bills/SGB shall enter into an agreement with the Clearing Corporation as per the format provided in **Part C (21)** - 'Format of agreement for providing G-sec/T-bill as collaterals'.
- Clearing Corporation shall prescribe list of G-Sec/T-Bills/SGB that shall be eligible for acceptance as collateral from time to time.
- G-sec/T-bill/SGB shall be accepted as collateral only in electronic form. Members desirous of providing G-Sec/T-Bills/SGB as collateral shall be required to enter the transaction through its custodian/bank on E-Kuber under Margin Transfer Module. The member shall further be required to put request for addition of GSEC in Collateral Interface for Members (CIM) under menu option "EMI – GSEC Deposit – Request / Enquiry-Request The member is required to submit a fax/mail request for addition as per prescribed format in **Part C (22)** 'Format of letter to be given by the member for request of G-Sec / T-bills addition'. Clearing Corporation shall confirm the transaction entered on the E-KUBER, based on the information received from members in CIM.
- The details of SGL-II account of the Clearing Corporation is as follows:

Name of the Account: National Securities Clearing Corporation Limited
 Member ID: BYA00168
 SGL – II A/c No. SG020168

- v. The benefit of G-Sec/T-bills/SGB provided as collaterals shall be passed on to the members on G-Sec/T-Bills/SGB being transferred to the SGL-II account of the Clearing Corporation.
- vi. The G-sec/T-bills/SGB released by the Clearing Corporation shall be entered on E-KUBER under Margin Transfer Module. The member is required to submit a fax/mail request for release as per prescribed format in **Part C (23)** - 'Format of letter to be given by the member for request of G-Sec / T-bills release'. The members shall ensure that such transactions are approved on E-KUBER by their custodian/Banks.
- vii. G-Sec/ T-Bills/SGB can be alternatively provided to the Clearing Corporation in dematerialized form, through creation of pledge in demat account, on lines of securities. In this case the process for acceptance of G-Sec/ T-Bills/SGB as collaterals is similar to acceptance of corporate bond as collateral as mentioned in point 8.2.5
- viii. G-Sec/T-Bills shall be valued daily based on previous day's MTM prices as specified by CCIL. SGBs shall be valued based on the closing price of the same on the Exchange
- ix. A hair cut shall be applied on the value of G-Sec/T-bills/SGB provided as collateral by the member. The value after applying the hair cut shall be added to the cash component of the liquid assets of the member. The hair cut shall be as under

Type and Tenor of Securities	Haircut
Treasury Bills and Liquid Government of India Dated Securities having residual maturity of less than 3 years	2%
Liquid Government of India Dated Securities having residual maturity of more than 3 years	5%
For all other Semi-liquid and Illiquid Government of India Dated Securities	10%

The list of approved G-Sec/T-Bills and applicable hair cut for the respective G-Sec/T-Bills shall be as per the Circular issued by Clearing Corporation for the respective month.

- x. Periodic coupon / Redemption payments received on the G-Sec/T-Bills/SGB provided by the member shall be passed on to the members by the Clearing Corporation immediately/next working day, upon receipt of relative interest from Reserve Bank of India.

8.2.5. Corporate Bonds

8.2.5.1. Eligible Corporate Bonds

Members are permitted to deposit corporate bonds as communicated to the members from time to time, in electronic form ('demat bonds') in the designated depository accounts maintained with the approved custodians as mentioned in **Part C(7)** in this regard. These corporate bonds shall be pledged in favour of NSE Clearing Limited.

The Clearing Corporation may revise the list of approved corporate bonds and, the haircuts from time to time. Members who have deposited corporate bonds which have been discontinued from the approved list, shall be required to take due care to replace such Corporate bonds.

The following corporate bonds shall not be accepted as liquid assets:

a) Corporate bonds issued by clearing member

b) Corporate bonds issued by associate of clearing member

For this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2018

Corporate bonds shall be treated as part of the non-cash component of the liquid assets of the clearing member

The valuation of the Corporate Bonds and haircut applicable shall be in accordance with the norms prescribed by the Clearing Corporation from time to time. The value of the Corporate Bonds shall be reduced by such haircut.

The Corporate Bonds shall be valued on daily basis on closing price of the bond listed under cash or debt segment of NSE or the valuation using yield from sovereign yield curve plus credit spread published by FIMMDA, whichever is lower. A hair cut of 15% shall be applied on the value of Corporate Bond provided as collateral by the member. Only the value net of applicable haircuts shall be considered as the value of the Corporate Bonds pledged. Valuation of Corporate Bonds shall be done by the custodians at such periodic intervals as may be specified by the Clearing Corporation from time to time. The total value of Corporate Bonds provided as non cash portion of the liquid assets shall not exceed 10% of the total liquid assets of the respective member.

A report containing details of valuation for corporate bond shall be downloaded to member in CSV format in common folder of FTP. The report nomenclature will be "CB_Bhavcopyddmmyyyy.csv".

A report containing details of haircut for corporate bond shall be downloaded to member in CSV format in common folder of FTP. The report nomenclature will be "CB_Haircut_ddmmyyyy.csv".

8.2.5.2. Ownership of Corporate bonds

The corporate bonds that may be deposited shall be subject to the beneficial ownership of the member/ spouse, any of the partners/ their spouses or any of the directors, in case of individual, partnership or corporate members respectively, as the sole/ first joint holder, provided no depositor of corporate bond should be a minor as on the date of deposit thereof.

In case of reconstitution / restructuring or any change in the partners /directors of the member, as applicable, a member shall be required to replace the corporate bonds belonging to such outgoing partners /directors immediately. The custodians shall be required to exercise due care for such replacement of corporate bonds and reporting thereof to the Clearing Corporation.

Members shall also be permitted to provide approved securities of its constituents/clients which are clearing through such clearing member towards the margin deposit requirement of the member.

Member wishing to provide its constituents/clients approved securities shall be required to fulfil the following

- Clearing/trading member shall obtain authorisation from its constituents/clients as per the requirements of the SEBI circulars and such authorisation shall include the points mentioned in clause 5(b) of the pledge deed as mentioned in **Part C (24)** - 'Format of deed of pledge

Clearing member shall be required to fulfil the requirements specified in SEBI Circular no CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 on Handling of Clients' Securities by Trading Members/Clearing Members

8.2.5.3. Opening of accounts

Members are required to open a separate depository account with the Approved Custodians for the purpose of deposit of corporate bonds. Members who are interested in availing of this facility

may get in touch with the Custodians to ascertain the modalities with regard to deposit of corporate bonds.

8.2.5.4. Marking of pledge

Members may provide demat corporate bonds by marking a pledge of the corporate bonds in favour of the Clearing Corporation. The member shall be required to submit all such documents as may be required by the clearing corporation and the authorised custodian from time to time including the Deed of Pledge as per the specified format as mentioned in **Part C (24)** Format of deed of pledge.

Members shall give the necessary pledge instruction(s) to the Custodian for the corporate bonds to be pledged in favour of the Clearing Corporation. Once the corporate bonds are accepted and duly pledged by the Custodian, the Custodian shall inform the Clearing Corporation the valuation of the corporate bonds after adjusting the relevant haircut percentages. On the basis of the Custodian's advice, benefit towards corporate bonds pledged shall be provided to the member.

8.3. Releases of Liquid Assets

Member may request the Clearing Corporation to release deposits held by the Clearing Corporation. Such requests may be considered by the Clearing Corporation if the Clearing Corporation chooses not to exercise its lien pursuant to the Rules, Byelaws and Regulations and subject to availability after due adjustments for the due fulfilment of all obligations and liabilities arising out of or incidental to any contracts entered into by such member and subject to the bye laws, rules and regulations of the Clearing Corporation or anything done in pursuance thereof.

The web based facility CIM is provided for submission of release requests of collaterals. The members may select the desired available collaterals for release. Release requests though CIM can also be placed using a file upload facility. The format of file is prescribed in **Part C (25)**.

8.3.1. Collection of released collaterals

The representative of the members coming to collect released FDR/ BG is required to carry an authorization letter.

The released FDRs/ BGs under immediate release mode can be collected on same working day of the release from regional office where as FDRs/ BGs released under value date release mode can be collected on requested value date of the release from regional office.

8.4. Transfer of Collaterals

An additional facility is being provided in CIM to enable members to transfer collaterals from one segment to other segment on an intraday basis. Members shall be required to put a transfer request in CIM and specify the segment where the collateral is to be transferred.

The intra-day transfer facility shall be available for margin deposits provided in form of Cash, Fixed Deposit Receipts only and Bank guarantee only. Further, as per membership circular download reference no. NSE/MEMB/13696 dated December 16, 2009, members shall also be able to request to avail excess Interest Free Security Deposit over the minimum amount stipulated in the other segments as collateral towards the margin requirements using the said facility.

The modalities of intraday transfer are mentioned below:

The modalities of intraday transfer are mentioned below:

- i. The facility of transfer of collaterals shall be available to clearing members.
- ii. The facility of intra-day transfer shall be available for Cash, FDRs and bank guarantee.
- iii. Member shall request for transfer of collaterals in CIM under menu option “Collateral Release – New Request/inquiry - Transfer Request”.
- iv. Transfer request received from the members via CIM shall be treated as request from the members and no separate transfer letter need to be submitted for Cash and FDRs and fungible bank guarantee.
- v. In case of non-fungible bank guarantee the member is further required to submit a letter to Clearing Corporation requesting for the same, the format of the letter is specified **Part C (26)** - ‘Format of Member Letter for shifting Non Fungible Bank Guarantee’ and an amendment letter executed on stamp paper from the respective bank as per format of the amendment letter as specified in **Part C (27)** - ‘Format of Bank amendment letter for shifting Non Fungible Bank Guarantee’ in addition to transfer request placed on CIM.
- vi. Intra-day transfer shall be subject to maintenance of minimum deposits as per regulatory requirement and other applicable parameters.
- vii. Member may verify the details of the request for transfer and its status in CIM under menu option “Collateral Release – New Request/inquiry- Transfer Inquiry”.

ITEM 9: MARGINS

In pursuance of Chapter VI(B) of the Bye Laws pertaining to Clearing and Settlement of deals and Chapter VIII of the Bye Laws pertaining to Margins, the following are prescribed for members :

9.1. Overview:

SEBI vide their circular CIR/MRD/DP/27/2013 dated September 12, 2013 has stipulated the revised framework of risk management in the Debt segment.

The core of the risk management system is the liquid assets deposited by members with the Exchange/Clearing Corporation. These liquid assets shall cover the following margin requirements for debt securities:

- a. Initial Margin (IM)
- b. Extreme Loss Margin (ELM)

The liquid assets as of the member (as mentioned in **Item 8**) at all points of time shall be adequate to cover all the above requirements.

9.2. Margins:

9.2.1. Initial margin

Initial margin shall be based on a worst case loss of a portfolio of an individual client across various scenarios of price changes so as to cover a 99% VaR over one day horizon.

- The minimum initial margin for bonds shall be 2% for residual maturity up to three years, 2.5% for residual maturity above three years and up to five years; and 3% for maturity above five years.
- Initial Margin applicable on Central Government Securities in Retail Platform shall be 5%.

Initial margin shall be payable on all open positions of Clearing Members, upto client level, and shall be payable upfront by Clearing Members in accordance with the margin computation mechanism and/ or system as may be adopted by the Clearing Corporation from time to time.

Clearing Corporation shall adopt SPAN® system for the purpose of real time initial margin computation.

Loss numbers shall be computed for each debt security by applying the applicable margin rate to the last traded price of the debt security expressed in terms of clean price i.e. without taking accrued interest into account.

9.2.2. Extreme Loss Margin (ELM)

The ELM shall cover the expected loss in situations that go beyond those envisaged in risk estimates used in the initial margins.

- The ELM for any bond shall be 2% of the last traded price expressed in terms of clean price. It would be deducted upfront from the total liquid assets of the member.
- There shall be no ELM applicable on Central Government Securities in Retail Platform.

9.2.3. Intraday Crystallised Mark to Market Losses

Clearing Corporation shall calculate and levy the Intraday Crystallised Mark to Market Losses (ICMTM) in the following manner:

- ICMTM shall be computed for all trades subject to upfront margining which are executed and closed out on the same trading day.
- ICMTM shall be calculated based on weighted average prices of trades
- ICMTM shall be adjusted against the liquid assets of the member on a real time basis.
- Crystallised losses at a security level for a client shall be adjusted against the crystallised profit, if any, from another security for the same client to arrive at client level profit or loss. However there will be no setoff against ICMTM profits across two rolling settlements.
- All client level losses including losses on proprietary positions if any shall be grossed up to arrive at member level ICMTM.
- ICMTM so blocked/ collected shall be released on completion of pay-in of the settlement/ early pay-in of settlement.

9.3. Collection of Margin:

- The Initial and Extreme loss margin shall be collected on an upfront basis by adjusting against the total liquid assets of the member at the time of trade.
- The Initial and Extreme loss margin shall be collected on the gross open position of the member. The gross open position for this purpose would mean the gross of all net positions across all the clients of a member including its proprietary position.
- For this purpose, there would be no netting of positions across different settlements.
- SPAN files shall be generated based on the prices at 11.00 a.m., 12.30 p.m., 2.00 p.m., and 3.30 p.m. every day. Such intra-day SPAN files shall be used for margining of intra-day member positions. In addition to the above a SPAN file at end of day and begin of day shall be provided.
- The SPAN files shall be made available in the extranet server and to the public at large through the website
- The margin so collected shall be released on completion of pay-in of the settlement.
- The details of all margins will be downloaded to members in their respective extranet directory as Detailed Margin Report (MG02).

9.4. Exemption from Margins

Members shall give specific client-ISIN instructions separately for each trading member clearing through them for availing EPI of securities, as per format provided in **Part C (28)**. Positions for which early pay-in of securities is made shall be exempt from margin computation.

9.4.1. Procedure for making early pay-in of shares

Members can make the early pay-in of securities through either of the depositories viz. NSDL and CDSL.

In NSDL, members shall deliver the securities to their CM Pool Account and execute irreversible delivery out instructions through their Depository Participant, for the particular settlement.

In CDSL, members have to open separate early pay-in account with CDSL through NSCCL. Members shall be required to send a request for opening an early pay-in account to NSCCL in the format specified in **Part C (29)**.

Members are requested to contact their respective DP's for details on procedure to be followed for doing early pay-in at the depository.

9.5. Shortfall of Margins

In case of any shortfall in margin:

- The members shall not be permitted to trade with immediate effect.
- Penalty for violation on account of margin violation be levied as specified in **Item 10**

9.6. Effect of failure to pay margins

Non-payment of either the whole or part of the margin amount due will be treated as a violation of the Bye Laws of the Clearing Corporation and will attract penal action. Without prejudice to the foregoing, the Clearing Corporation may, within such time as it may deem fit, advise the Exchange to withdraw any or all of the membership rights of member including the withdrawal of trading facilities without any notice.

In the event of withdrawal of trading facilities, the outstanding positions of the member may be closed out forthwith or any time thereafter by the Exchange, at the discretion of Clearing Corporation, to the extent possible, by placing at the Exchange counter orders in respect of the outstanding position of the member without any notice to the member, and such action shall be final and binding on the member

9.7. Margins from the Client:

Members should have a prudent system of risk management to protect themselves from client default. Margins are likely to be an important element of such a system. The same shall be well documented and be made accessible to the clients and the Exchange/Clearing Corporation. However, the quantum of these margins and the form and mode of collection are left to the discretion of the members.

9.8. Close out of Positions

An online facility to close – out open positions of members, whose trading facility is withdrawn for any reason, is provided. On disablement, trading members may be allowed to place close-out orders through this facility. Only orders which result in reduction of existing open positions at the client level shall be accepted through the close-out facility in the normal market.

Apart from the above, members shall not be allowed to:

- Create any fresh position when in the close-out mode.
- Place close out orders with custodial participant code.
- Close out open positions of securities in trade for trade segment.

This facility does not dilute the powers of the Clearing Corporation to close-out under its Bye-Laws, Regulations and Circulars. Further the relevant authority may require the members to reduce/close-out open positions to such levels and for such securities as decided by the relevant authority from time to time.

9.9. Risk Reduction Mode

Member shall be compulsorily placed in risk reduction mode when 90% of the member's capital/limit is utilised towards margins. When a member moves in to risk reduction mode –

- All unexecuted orders shall be cancelled
- Fresh orders placed by members to reduce open positions shall be accepted.
- Fresh orders placed by members that increase open positions shall be checked for sufficiency of margins and orders that do not satisfy sufficiency of margins will be rejected
- Fresh orders can be placed for immediate or cancel (IOC) only
- Members will be able to trade in normal mode as and when the utilisation goes below 85%.

9.10. Pay-in of funds/securities prior to scheduled pay-in day

The relevant authority may require members to pay-in funds and securities prior to the scheduled pay-in day for funds and securities. The relevant authority shall determine from time to time, the members who shall be required to pay-in funds and securities prior to the pay-in day. The

relevant authority shall also determine securities and funds which shall be required to be paid in and the date by which such pay-in shall be made by the respective member.

The member would be required to make early pay-in of funds and securities within the time specified by the relevant authority.

9.11. Imposition of additional margins

The relevant authority may require members to make payment of additional margins at any time on such securities and at such rates as decided from time to time. This will be in addition to the daily margins which are or may be imposed from time to time.

9.12. Dissemination of Client level Position to Member:

The Client Level Positions shall be disseminated to all members through the detail position report (PS03).

ITEM 10: CHARGES AND PENALTIES

In pursuance of Regulations 7.15, 7.16, 9.3, 9.5, 9.8, 9.9A, 12.14 and 15 of Capital Market Regulations the applicable penalties are hereby specified as under:

10.1. Funds Shortages

Members failing to fulfil their funds obligations by the scheduled date and time (all markets including the valuation debit raised on account of securities shortages) to Clearing Corporation shall be subjected to the following penalty structure:-

S. No	Type of Non-fulfilment	Penalty Charge % per day	Action
a)	Value Rs. 5 lakhs or more	0.07	The trading facility of the member shall be withdrawn immediately & Securities pay out shall be withheld.
b)	Value less than Rs. 5 lakhs	0.07	If in the last three months, the member is short over Rs. 2 lakhs on six or more than six occasions, the trading facility of the member shall be withdrawn and the securities pay out shall be withheld*

*In case, the member is disabled on account of (b) above, on making good the shortage amount, the member shall be permitted to trade subject to its providing a deposit equivalent to its cumulative funds shortage as the 'funds shortage collateral'. Such deposit shall be kept with the Clearing Corporation for a period of ten settlements and shall be released only if no further funds shortages are reported for the member in next ten consecutive settlements. Members may further note that there shall not be any margin benefit or any interest payment on the amount so deposited as 'funds shortage collateral'. The amount may be provided by way of cash, fixed deposit receipts, or bank guarantee, equivalent to the cumulative funds shortage.

Recovery of funds due through liquidation of securities withheld:

The funds defaulting member will be allowed such time as may be permitted by the relevant authority depending upon the facts of the case to bring in the amount in default. If funds are not brought at any time by the defaulting member, the Clearing Corporation at its discretion will proceed to close out securities in the normal / auction market. If the member does not bring in the amount by the time permitted by the relevant authority, and continues to default thereafter, the relevant authority would be constrained to initiate suitable action including withdrawal of his trading facility, appropriation of his capital / deposits with the Exchange / Clearing Corporation and/or declare him a defaulter.

10.2. Securities Shortages:

Members failing to fulfil their securities deliverable obligations to Clearing Corporation shall be subjected to the following penalty structure:-

S. No	Type of Non-Fulfilment	Penalty Charge % per day	Action
(a)	Security Shortage	0.05	The amount of the shortage shall be considered as value of the security shortage valued at higher of previous two days close price

10.3. Margin Shortages

Following penalty shall be levied on a monthly basis in respect of margin violations

Instances of Disablement	Penalty to be levied
1st instance	0.07% per day
2nd to 5th instance of disablement	0.07% per day +Rs.5000/- per instance from 2 nd to 5 th instance
6th to 10 th instance of disablement	0.07% per day+ Rs. 20000 (for 2 nd to 5 th instance) +Rs.10000/- per instance from 6 th to 10 th instance
11th instance onwards	0.07% per day +Rs. 70,000/- (for 2 nd to 10 th instance) +Rs.10000/- per instance from 11 th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action

Instances as mentioned above shall refer to all disablements during market hours in a calendar month. The penal charge of 0.07% per day shall be applicable on all disablements due to margin violation anytime during the day. The penalties shall be collected from the clearing member of the respective trading member. The concerned clearing member may in turn recover such amount of penalty from the concerned trading member.

10.4. Non-allocation / rejection of institutional trades

In case of rejection/non-confirmation of any institutional/non-institutional trades by clearing member a penalty of 0.10% of the unallocated / rejected / unconfirmed value or Rs. 10,000/- whichever is lower per settlement shall be levied.

ITEM 11: CORE SETTLEMENT GUARANTEE FUND

11.1. Core Settlement Guarantee Fund

Clearing Corporation has established the Core Settlement Guarantee Fund (Core SGF) for Debt segment based on the norms provided under SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014.

The Minimum Required Corpus (MRC) of the Core SGF shall be arrived based on the stress test methodology prescribed by SEBI. Clearing Corporation shall compute the Minimum Required Corpus (MRC) which shall be subject to the following;

1. The MRC shall be fixed for a month.
2. By 15th of every month, Clearing Corporation shall review and determine the MRC for next month based on the results of daily stress tests of the preceding month. Clearing Corporation shall also review and determine by 15th of every month, the adequacy of contributions made by various contributors and any further contributions to the Core SGF required to be made by various contributors for the next month.
3. For every day of the preceding month, uncovered loss numbers shall be estimated by the various stress tests for credit risk conducted by the Clearing Corporation for the segment and highest of such numbers shall be taken as worst case loss number for the day.
4. Average of all the daily worst case loss numbers determined in (3) shall be calculated.
5. The MRC for next month shall be higher of the average arrived in at step (4) and the segment MRC as per previous review.

11.2. Contribution to Core SGF

The contribution to core SGF for Debt Segment from various contributors shall be as follows:

1. Clearing Corporation contribution to core SGF shall be 75% of MRC.
2. Exchange contribution to core SGF shall be 25% of MRC.

Clearing Corporation shall not seek contribution from its clearing members in Debt Segment

11.3. Penal Charges for Utilization of Core SGF

In the event of a clearing member failing to meet his obligations to the Clearing Corporation, the Clearing Corporation may, at its discretion, utilise the settlement fund to the extent and in such manner as necessary.

The Clearing Member shall be required to immediately pay the amount so utilised and also pay a penal charge at the rate of 0.07 % per day computed on the amount outstanding from the day on which monies are due to be paid until the day all obligations including shortfall in deposits are fulfilled.

ITEM 12: DELIVERY UNITS

In pursuance of Regulation 7.6.1, 7.6.2 and 8.1 of Capital Market Regulations, delivery units are prescribed as under:

12.1. Delivery unit for Regular Market Deals

Delivery unit for Regular Market Deals in depository mode shall be the lot size prescribed for each debt security of the Debt Segment of the NSE.

ITEM 13: CUSTODIAL PARTICIPANT

Custodial participants are those constituents who are eligible for trading through trading members and who clear and settle deals through clearing members.

13.1. Allotment of custodial participant code

- The clearing member/s of custodial participants are required to apply to clearing corporation for the activation/ deactivation of CP code through NSCCL –MASS.
- The application of codes shall be through a file upload.
- Applications submitted through the facility shall be processed and the CP code shall be generated and provided to clearing member.
- On application of mapping request by a clearing member, a request for NOC shall be sent to Custodian of the client.
- The Custodian would be able to provide NOC for such mapping request by log-in in NSCCL –MASS application.
- The CP codes issued/ mapped shall be activated effective from next trading day.
- The Clearing members shall continue to perform KYC of the clients and maintain necessary documentation of client for whom CP code is applied.
- The name of the file to be uploaded by the clearing member in the NSCCL –MASS shall be
 - F_<MEMBERCODE>_CPCODE_YYYYMMDD.Tnn
 - Where,
 - MEMBER CODE- Primary code of clearing member
 - YYYYMMDD- current date
 - nn- Batch number of the file
 - The structure of detail record shall be as follows:

Sr. No.	Field Name	Field Characteristics	Details
1.	Custodial Participant Category	CHAR(11)	
2.	FPI II category type	CHAR(1)	Field should be blank
3.	Investment Category	CHAR(1)	Field should be blank
4.	CP code of main FPI	CHAR(12)	Field should be blank
5.	Client Name	CHAR(300)	
6.	Permanent Account Number	CHAR(10)	
7.	Client Registration No / Passport No in case of NRI/ PIO	CHAR(25)	
8.	Compliance officer	CHAR(30)	Compliance officer of member
9.	Country	CHAR(25)	Country of Origin/ residence
10.	UCC Generated	CHAR(10)	NA
11.	POA (in case of UCC)	CHAR(1)	NA
12.	Net worth Declaration	CHAR(2)	Y' – If networth is more than Rs.1 Cr of RI & DBC 'NA' – For other client categories

13.2. Shifting of custodial participant

In case of Custodial Participant wish to shift from one Custodian clearing member to another Custodian clearing member, application shall be made to clearing corporation by both Custodian

clearing members as per request letter provided in **Part C (30)** for deactivation and activation of custodial participant code.

13.3. Confirmation of trades entered by custodial participants

- The Clearing Corporation shall allot a CP code which shall be placed in all orders placed by the trading members for the Constituent on the Exchange.
- Once the trade is executed in the trading system, the same shall be available to the clearing member, for approval or rejection. Clearing member shall approve or reject the trade, within the stipulated time as per the mechanism provided from time to time.
- Clearing members of the custodial participants shall confirm trades through NCMS debt system entered into on behalf of the custodial participants. Such trades shall be confirmed by the clearing members in such manner, within such time and through such facility as may be provided to clearing members from time to time.
- All such trades which have been confirmed by clearing members shall form part of the obligations of clearing members concerned and such clearing members shall be responsible for all margins and obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations.
- Trades which have not been confirmed by clearing members of the custodial participants shall be considered as trades pertaining to the trading members entering such trades and shall form a part of the obligations of clearing members, who clear and settle for such trading members.

ITEM 14: PRIVITY OF CONTRACT

In pursuance of Bye Law 11(2) of Chapter VI of the Bye Laws pertaining to Clearing and Settlement of Deals, the cases to which the said section shall apply are specified herein:

Settlement Obligations of clearing members for giving and receiving delivery and paying and receiving funds arising out of Regular Market Deals as specified under Item 2 of this circular unless specifically excluded by the relevant authority from time to time.

Pursuant to the above the following settlement obligations are specifically excluded:

Settlement obligations arising out of any deal where in the opinion of the Clearing Corporation or the specified Stock Exchange there are prima facie suspicion of fraud, wilful misrepresentations, malpractice or are subject to any investigation by the relevant authority of either the Clearing Corporation or the Specified Stock Exchange or by any statutory authority or are deals which are not properly executed in accordance with the respective Bye Laws, Rules and Regulations of the Specified Stock Exchange.

ITEM 15: SETTLEMENT OF REPORTED TRANSACTION AND RFQ DEALS

Eligibility

All the entities (participants) desirous of settling trades in corporate bonds through NCL shall register with NCL. These entities inter-alia include those specified in the SEBI circular for mandatory clearing and settlement of corporate bond trades through the Clearing Corporation viz., mutual funds, foreign institutional investors/ sub-accounts, venture capital funds, foreign venture capital investors, portfolio managers, and RBI regulated entities as specified by RBI. Entities carrying out settlement on behalf of participants shall also be registered as participants.

Registration Procedure

All entities desirous of carrying out clearing and settlement of trades in corporate bonds through NCL shall be required to submit following documents as a part of registration procedure. The procedure for registration shall be as specified by NCL from time to time. In addition to below Participants may refer registration procedure on <https://bricsonline.nseindia.com/bondsnew/rest/login>

Agreement

Participants carrying out clearing and settlement for themselves to execute the Corporate Bond Settlement Agreement as per format specified in PART C.

Participants carrying out clearing and settlement on behalf of other participants i.e., custodians to execute the Corporate Bond Settlement Agreement as per format specified in PART C.

The agreement shall be required to be executed on Rs.100 franked document and signed and stamped on all pages.

Submission of account details

Participants shall also submit the details of their bank and DP account, through which the pay-in and payout shall be done, to the Clearing Corporation in the specified format as per PART C.

Settlement Schedule

The settlements of corporate bond trades shall be carried out between Monday to Friday for three settlement cycles viz., T+0, T+1 and T+2. The cut-off timings for settlements shall be as stipulated by SEBI/Exchange/Clearing Corporation from time to time.

Settlement of Corporate Bond Transaction

NCL shall conduct settlement for deals on NSE CBRICS, NSE RFQ and CCIL platform. The trades will be settled at participant level on DVP I basis i.e., on gross basis for securities and funds. A separate CBRICS module shall be provided where trades on such bonds shall be available (<https://bricsonline.nseindia.com/bondsnew/rest/login>). The settlements shall be carried out through the bank and DP accounts specified by the participants.

On the settlement date, during the pay-in, participants shall be required to transfer the securities to the Depository account specified by NSCCL and transfer the funds to the bank account specified by NCL within the stipulated cut-off time. On successful completion of pay-in of both



securities and funds, the securities / funds shall be transferred by NSCCL to the depository / bank account of the counter-party.

Custodian Trades

The participants desirous of clearing and settling the trade through a custodian may do so by specifying the custodian details. Custodian may be specified either for a participant wherein all the trades for such participant shall be eligible for settlement by custodian. In order to facilitate settlement of trades identified for settlement by custodian, through NCL, the custodian shall be required to explicitly express its intention to settle such trades through NCL. The settlement of trade in such case shall take place through the custodian's bank and DP account as specified by the custodian.

Failure of Settlement Obligation of Corporate Bond Transactions

If either of the participants / custodians fails to honor their pay-in obligation, either fully or partially, by stipulated time then the transaction shall be cancelled and shall not be considered for settlement. Further the securities / funds received towards the pay-in obligation shall be returned back to the respective participants / custodians.

Settlement Guarantee shall not be provided

NCL Account for securities and funds pay-in

The securities settlement account details of NSE Clearing:

- Market Type: CORPORATE BOND
- CM Name: NSE Clearing Ltd.
- CM-BP ID: IN568177

The funds settlement account details of NSE Clearing

- Bank Name Reserve Bank of India
- IFSC –XNSE0000001
- Account Number -8715106

Only RTGS will be permitted in the above mentioned account.

SEBI vide its circular SEBI/HO/DDHS/DDHSRACPOD1/P/CIR/2023/9 dated January 9, 2023 has clarified that payment mechanisms provided by banks/ payment aggregators authorised by Reserve Bank of India, from time to time, may be used for settlement of trades executed on the RFQ platform. Accordingly, NSE Clearing Limited offers Net Banking, UPI, NEFT as another mode of payment for settlement of RFQ trades.

Bank Details for settlement through NEFT mode is as below:



Bank Name – HDFC Bank Limited

Name of beneficiary - NSE Clearing Limited

Account Number - CBRIC1XXXXXXXXXX (where “XXXXXXXXXX” is the PAN of Buyer)

IFSC Code - HDFC0000060

For example: If PAN number is ABCDE1234F then beneficiary Account number shall be “CBRIC1ABCDE1234F”.

For Net Banking and UPI participants can contact NCL at cbclearing@nsccl.co.in.

Settlement Charges

Settlement Charges are applicable for deals settled on CBRICS platform.

- Rs 5 per crore with a minimum of Rs 25/- and a maximum of Rs 500/- per transaction (plus taxes as applicable) payable by each counterparty for Corporate Bonds, Corporate Bond Repos (For each leg, i.e. Ready & Forward) and Securitised Debt.
- Rs 2.5 per crore with a minimum of Rs 25/- and a maximum of Rs 500/- per transaction (plus taxes as applicable) payable by each counterparty for Commercial Paper and Certificate of Deposit. The charges shall be computed on face value of the instrument. In case of unregistered participants, the charges shall be levied on the registered counterparty.

ITEM 16 : CORPORATE DEBT MARKET DEVELOPMENT FUND (CDMDF) TRANSACTIONS SETTLEMENT

SEBI vide its circular reference number SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 has issued directions on framework for corporate debt market development fund (CDMDF).

NSE Clearing Ltd. has introduced a facility for settlement of transactions in respect of CDMDF on NSE RFQ platform. Market Participants/Custodians are requested to note of the settlement process in respect of CDMDF transactions on NSE RFQ platform.

Securities Settlement:

Participants selling the securities on NSE RFQ platform shall be required to transfer the securities to following account of NSE Clearing Ltd.

Description	Details
Market Type	Corporate Bond
CM Name	NSE Clearing Ltd
CM-BP ID	IN568177
Settlement No	Pls refer to the Settlement Calendar on CBRICS homepage. (This will be published every month). Kindly note there is a single settlement no. for every settlement date.

Funds Settlement:

Funds payout to sellers shall be in respect of only the “cash consideration” as specified in the CDMDF framework specified in the Guarantee Scheme for Corporate Debt (GSCD) and/or SEBI circular issued from time to time. The funds pay-out shall be to the registered bank account maintained by the participants on NSE CBRICS platform.

ITEM 16: TRI-PARTY REPO

NSE vide its circular NSE/DS/56659 dated May 10, 2023 has informed that they have temporarily suspend tri-party repo product effective from May 12, 2023.

16.1. Definition

16.1.1. Repo deals

“Repo deals” are trades executed on the **Tri-party Repo Market (TRM)** platform in Debt Segment of the National Stock Exchange of India Ltd (Exchange).

16.1.2. Clearing Members

Clearing Member for this part shall mean the Clearing Members of Debt segment who are eligible to participate in corporate bond repo deals as specified by RBI in its directions from time to time.

16.1.3. Cleared Deals

Cleared Deals means Repo deals admitted for clearing and settlement by Clearing Corporation.

16.1.4. Ready Leg

Ready Leg is the first leg in a Repo deal in which the Clearing Member borrows funds against the collateral transferred to Clearing Corporation on the basis of the trades executed on the TRM platform.

16.1.5. Forward Leg (Repo maturity)

Forward Leg is the second leg of repo deal or reversal leg of Ready Leg Repo deal whereby the Clearing Member is obliged to return the funds borrowed in the Ready leg of the Repo deal along with the interest applicable for the borrow period on the basis of the trades executed on TRM platform

16.1.6. Repo Tenor

Repo tenor means number of days for which the borrowing and lending is undertaken.

16.1.7. Repo Rate

Repo Rate is the annualized interest rate for the fund borrowed and lent for the repo tenor.

16.1.8. Repo Interest

Repo Interest is the interest amount payable by the borrower in the forward leg date of a Repo deal.

16.1.9. T0 Settlement

T0 settlement indicates that the Ready Leg Repo deal shall be settled on the trade date.

16.1.10. T1 Settlement

T1 settlement indicates that the Ready Leg Repo deal shall be settled on the business day immediately succeeding trade date.

16.1.11. Settlement obligations

Settlement Obligation means the actual amount payable or receivable by the Clearing Members for the settlement.

16.1.12. TDS

TDS is Tax Deducted at Source, applicable on the repo interest payable by the borrower to lender.

16.2. Clearing and Settlement

16.2.1. Repo deals

Deals executed in the normal market of the TRM platform.

a) Settlement shall be on a net obligation basis.

b) Settlement Guarantee shall be provided

16.2.2. Repo Auction deals

Deals executed in the auction market of the TRM platform

a) Settlement shall be on a gross/net obligation basis.

b) Settlement Guarantee shall be provided

16.3. Depository Account

The Clearing Members shall maintain a beneficiary (DEMAT) account with a Depository Participant of the depositories, National Securities Depository Ltd (NSDL) or Central Depository Services Ltd (CDSL) for the purpose of providing collaterals towards Repo deals or for any other purpose as the relevant authority may specify from time to time.

Clearing members shall intimate the details of the DEMAT account to Clearing Corporation as per the format provided in **Part C (31)**. Clearing Members are required to transfer securities towards collateral requirement to the below mentioned account of Clearing Corporation for participating in Repo deals

.DP ID	Account No
IN001002	10009093

16.4. Procedure for pay-in /pay –out of funds

16.4.1. Funds pay-in and pay-out

Funds pay-in and pay-out shall be through banks designated as Clearing Banks/ RBI by the Clearing Corporation and through the settlement account/RTGS Settlement account of the Clearing Member with clearing bank/RBI.

16.4.2. Settlement Obligation –Repo deals

A single net obligation shall be generated for members comprising the following legs:

- Current days trade with Ready Leg settlement T0
- Previous day trade with Ready Leg settlement T1
- Previous days trades expiring during the day (forward leg)

The Ready Leg Settlement Obligation (T0 and T1) for the Clearing Member shall be net borrowed or net lent amount to be settled for the Repo Deals.

The Forward Leg Settlement Obligation for Clearing Members shall be based on the Repo tenor and Repo rate at which the Ready Leg Repo deals have been executed. The forward leg settlement value shall be computed as under:

- Forward leg obligation = Ready leg obligation + Repo Interest for the applicable repo tenor – TDS on Repo Interest if applicable (currently TDS applicable is 10% on the repo interest rounded up to the nearest Rs. 10).

(a) Repo interest = ready leg value * repo tenor * repo rate / 36500

(b) The repo interest shall be computed based on Actual/365 day count convention.

16.4.3. Pay-in of Funds

The Clearing Member having payable position shall have clear funds in their settlement account on settlement day. The Clearing Bank shall debit the concerned Clearing Members account in accordance with instructions received from Clearing Corporation.

The Clearing Bank shall credit the settlement account of the Clearing Members having receivable position in accordance with the pay-out instructions received from the Clearing Corporation on the settlement day.

The pay-in of funds shall be effected at 02:00 p.m. Clearing members are required to keep their account funded to the extent of funds pay-in obligation (if any) on or before this cut off time. Collateral of the clearing member blocked towards settlement obligation, if any, shall be unblocked on completion of the settlement.

16.4.4. Settlement Shortage

Failure of a Clearing Member to discharge its obligation in full or in part to deliver funds at the time of settlement shall be treated as a settlement shortage. Clearing Corporation shall have the absolute discretion to decide on the mode of handling shortages and the decision of Clearing Corporation shall be binding on all the Clearing Members;

16.4.5. Handling of Shortage

Clearing Corporation shall initiate all measures that are prudent, practicable and necessary to meet the funds shortage in order to ensure that the repo deals are settled and all the non-defaulting Clearing Members receive funds due to them;

Clearing Corporation shall at its discretion conduct Auction or close out the position in case if auction is not successful. Clearing Member who failed to discharge the settlement obligation shall be liable to pay charges, penalty (as applicable for Debt segment) or any interest arising out of making such shortages good to the Clearing Corporation.

16.4.6. Settlement of Auction trades shall be as follows:

Auction trades shall be settled as per below schedule

Auction with Ready Leg T0 – Pay-in shall be at 04:00 pm

Auction with Ready Leg T1 – Pay-in shall be done at 10:00 am on the next business day

Forward Leg of Auction trades shall be netted with the other trades settling on the respective day.

16.5. Collateral

16.5.1. Collateral Deposits by the Clearing Member

The collateral shall be towards the following requirement

i) Lending positions: Clearing Member desirous to enter into Lend Repo deals shall be required to provide collateral in the form of cash. Such collaterals shall be deposited upfront i.e. before submitting Lend Repo order on the TRM platform. Only those lend orders that satisfy the collateral requirement vis-a-vis cash collateral deposited by the Clearing Member shall be accepted.

ii) Borrowing position: Clearing Member desirous to enter into Borrow Repo deals shall be required to provide eligible corporate debt instruments as specified by Clearing Corporation from time to time. Such collaterals shall be deposited upfront i.e. before submitting Borrow Repo order on the TRM platform. Only those borrow orders that satisfy collateral requirement shall be accepted.

16.5.2. Guidelines for Submission of Deposits towards Collaterals

16.5.2.1. Cash

As per procedure provided in **Item 8**

16.5.2.2. Eligible corporate debt instruments as Collaterals

- Clearing Corporation shall specify the list of eligible securities which shall qualify for collateral contribution for borrow position. Clearing Corporation shall also specify the clean price, accrued interest and haircut applicable for the eligible securities.
- Clearing Corporation shall make eligible securities in-eligible based on parameters like corporate action, change in rating, minimum residual maturity etc. and such securities declared as ineligible shall not be reckoned for collateral contribution by the Clearing Members from the effective date of such ineligibility. Clearing Corporation shall make securities in-eligible 30 days before the corporate action date. Such in- eligible securities shall be made eligible again on the day following the corporate action date.
- Clearing Corporation may, at its discretion, specify the maximum amount of a single security or group of securities that a Clearing Member may deposit by way of collateral contribution;
- It shall be the responsibility of the Clearing Member to ensure that its exposures on the outstanding deals are fully covered by the value of the collaterals maintained by it with Clearing Corporation.
- Clearing Member shall be required to transfer the eligible securities as collateral to a DEMAT account of Clearing Corporation as specified in point 16.3.
- Securities issued by Clearing Member associates, subsidiaries, holding or group companies shall not be considered as eligible collaterals.
- Clearing Member shall be entitled to withdraw securities from its collateral contributions. Clearing Corporation shall allow such withdrawal of securities provided the remaining value of securities is sufficient to cover outstanding obligations of the concerned Clearing Member. The Clearing Corporation shall provide a facility to the Clearing Members to submit securities withdrawal request through CIM. For valid securities withdrawal requests, the securities shall be released in batches as decided by Clearing Corporation from time to time.
- Clearing Member shall be entitled to substitute securities deposited as collateral contribution with the eligible securities as specified by Clearing Corporation from time to time.
- Provided that such substitution shall be allowed only if the collateral requirement of the Clearing Member remains fully covered with the substitution of securities;
- Clearing Members shall monitor securities deposited as collateral to ensure that the securities due for redemption/corporate action are withdrawn before the redemption/corporate action date and substituted by eligible securities of equivalent value, if needed. In the event of Clearing Member not withdrawing such security, Clearing Corporation shall transfer such securities back to Clearing Members in their DEMAT account.
- The Clearing Corporation shall compute value the securities as under: “*Value of a security = (Clean Price + Accrued Interest) – Applicable haircut*”.
- For calculation of accrued interest, “Actual/Actual” day count convention shall be followed.
- The applicable haircut shall be the rating based haircut as prescribed by RBI or a higher haircut as specified by the Clearing Corporation from time to time. The haircut shall be as under

Tenor- Residual Maturity	Rating AAA	Rating AA+ and AA
Less than 1 year	10.00%	25.00%
1 year to 3 years	12.50%	35.00%
Greater than 3 years	15.00%	50.00%

- For a borrower who deposit AA+ and AA rated corporate bonds as collateral and fails to meet the obligations towards settlement and daily mark to market, the Clearing Corporation will attempt to liquidate the instruments and funds will be released to receiving counterparties post realization of liquidation proceeds. The affected counterparties will be compensated at 3 basis points per business day (calendar days in case holiday falls between business days) on the value of amount receivable by such counterparties
- In case the Clearing Corporation is not able to liquidate the security, then Clearing Corporation, at its discretion, shall allocate the securities to the lender/s. Such allocation may result in revision of obligation to the allocated lenders and accordingly any such revised obligation so arrived at shall be fulfilled. Any failure in fulfilling the revised obligation shall be considered as default and shall accordingly be handled as per the bye-laws, rules and regulations.
- Clearing Corporation may prescribe additional prudential norms for limits in respect of the eligible securities. The prudential norms will include participant-wise and market wide limits at issuer level and/or issue level as specified from time to time.
- Clearing Corporation may prescribe clearing member wise borrowing/lending limits from time to time

16.5.3. Collateral Requirement:

16.5.3.1. Collateral requirement for Lending

- The margin rates for Repo deals shall be arrived at based on Value at Risk or such other model as may be decided by Clearing Corporation from time to time and the resultant factors shall be expressed as a percentage of the face value of the repo transaction. Clearing Corporation may set different margin rates for Repo deals having different maturity periods.
- The margin obligations for Repo deals of a Clearing Member shall be computed by multiplying the net position of each maturity with the corresponding margin rates as applicable for the Clearing Member and then aggregating the margin obligations.
- To begin with the margin rate applicable for Lend Repo deal shall be 0.50% on the Lent amount.
- The collateral blocked shall be the margins applicable to the extent of net lend position for each maturity date within the each eligible security / basket as decided by Clearing Corporation from time to time.

16.5.3.2. Collateral requirement for Borrowing

- The Collateral required for Borrowing shall be the borrowed amount plus the repo interest payable at the forward leg i.e.
 - $\text{Forward leg obligation} = \text{Ready leg obligation} + \text{Repo Interest}$
 - $\text{Repo interest} = \text{Ready Leg value} * \text{Repo tenor} * \text{Repo rate} / 36500$
 - The repo interest shall be computed based on Actual/365 day count convention
- The collateral blocked shall be to the extent of net borrowed position at the forward leg for each maturity date within the each eligible security / basket as decided by Clearing Corporation from time to time.

16.5.4. Collateral Revaluation

- The securities deposited by the Clearing Member towards collateral contribution shall be subjected to daily valuation;
- In the event of net value of such securities, falling short of the outstanding borrowing position of the Clearing Member, Clearing Corporation shall make a margin call on such Clearing Members ;

- Clearing Corporation may require Clearing Member to provide additional collaterals, in case of a sudden increase in volatility of interest rates/ securities prices or downgrade of securities rating. This may be done by an increase in the haircut for a specified security/(ies) The additional collateral shall be subject to:
 - Outstanding position of a Clearing Member; and/ or
 - Securities contribution to Collateral;
- Clearing Corporation may impose such additional collateral requirement at any time during the day. As such, the Collateral balance of the Clearing Members may be reduced to the extent of increase in the hair cut in respect of their outstanding positions
- Upon changes in haircut, if it is observed that the Collateral balance of a Clearing Member is inadequate to cover the requirements on account of existing borrowing / lending by the Clearing Member, it shall be the responsibility of the said Clearing Member to replenish the shortfall as directed by Clearing Corporation.
- Failure of the Clearing Member to provide additional collateral shall be treated as a violation and shall be dealt with accordingly.

16.6. Early Pay-in of Funds

- Clearing Members with forward leg borrow payable positions are permitted to provide Early Pay-in of funds. However, this facility is available only on the settlement day.
- Early Pay-in of Funds shall be provided through the Collateral Interface for Member (CIM).
- On successful confirmation by the Clearing Banks on availability of funds, the blocked collateral of the Clearing Member shall be freed up to the extent of early pay-in received

16.7. Rollover of Borrow Positions

- Rollover can be done on the forward leg settlement day for the original borrow positions payable
- Rollover can be done for the tenor which may be same or different from the original transaction.
- Collateral shall remain blocked till the settlement of forward leg of the rollover position.
- In case if the rollover order requires any additional collaterals, then such order shall only be accepted if additional collaterals are available.

16.8. Core Settlement Guarantee Fund (Core SGF)

Clearing Corporation shall establish a dedicated Core SGF for Tri-party Repo. The details of such dedicated Core SGF shall be communicated by Clearing Corporation