

Department: CURRENCY DERIVATIVES SEGMENT

Download Ref No: NCL/CD/55710

Date: February 22, 2023

Circular Ref. No: 013/2023

All Members,

Sub: Acceptance of Electronic Bank Guarantee

This is in partial modification to Item 7 of the consolidated circular ref. NCL/CD/55099 dated January 02, 2023, clearing members are hereby intimated that NSE Clearing Ltd. (NCL) in collaboration with National E-Governance Service Limited (NeSL) has started the facility for accepting Electronic Bank Guarantees (E-BG).

NeSL's, Digital Document Execution (DDE) platform is a mode for paperless execution and storage of financial contracts. It enables e-stamping and affix e-signing. It makes the contract execution process seamless, online, and in real-time provides multiple benefits to all stakeholders.

The introduction E-BG shall reduce the time taken for the process of bank guarantee acceptance and will eliminate issues related to paper-based documents.

The process of acceptance E-BG shall be as follows:

Issuance of New E-BG

1. Members can approach banks empanelled by NCL for issuance of E-BG. (The list of Banks eligible of issuance of E-BG is provided in annexure 1)
2. The bank guarantee shall be strictly in the format prescribed by NCL. (Existing format for BG in physical form shall continue for E-BG)
3. Members shall ensure that SFMS message is sent by the issuing bank before the new/renewal BG is submitted to NCL.
4. On successful acceptance of E-BG the same shall be added towards collaterals of clearing members and the amount of bank guarantee shall be available for allocation.
 - a. Fungible Bank Guarantee shall be available in the collateral pool available for allocation across segments
 - b. Non-Fungible Bank Guarantee shall be available in the collateral pool available for allocation for the mentioned segment only.

Renewal of E-BG

1. Members can request the banks for renewal of E-BG
2. Members can also request the bank for renewal of existing BG in Physical form in E-BG mechanism.
3. The bank shall amend the original E-BG on NeSL platform and/or update the renewal BG in the format specified by NCL.

Release of E-BG

1. There shall be no change in process for release of BG.
2. For release of E-BG, members shall be handed over the release letter only.
3. For release of E-BG where the original BG is in physical form, the members can collect the release letter along with original BG in physical form

There is no change in the process of acceptance, renewal and release of BG in physical form

The circular shall be effective from 23-February-2023

For and on behalf of
NSE Clearing Limited
(Formerly known as National Securities Clearing Corporation Limited)

Huzefa Mahuvawala
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Annexure 1

Axis Bank Ltd.	HDFC Bank Ltd.
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