NATIONAL SECURITIES CLEARING CORPORATION LIMITED

DEPARTMENT : NSCCL CAPITAL MARKET	
Download Ref No : NSE/CMPT/21752	Date : September 21, 2012
Circular Ref. No : 0354/2012	

All Members/Custodians

Sub: Offer for Sale – Clearing & Settlement

In continuation to our circular no: NSE/CMTR/21399 dated August 02, 2012 with respect to the 'Revised scheme - Offer for Sale through Exchange Platform' and consolidated circular no: NSE/CMPT/21161 dated July 02, 2012 members are requested to note the following:

Cash Collaterals:

- Collaterals for the Offer for Sale (OFS) shall be provided as early pay-in (EPI) of funds for the settlement type as 'H' and settlement number as specified for the respective OFS security. The procedure for providing EPI of funds shall be same as being done currently through the Collateral interface for Members (CIM) in Capital market segment. The EPI of funds confirmed by the primary clearing bank shall be considered as collaterals for order validation. The primary clearing banks shall not be able to confirm the funds placed by the members / custodians post OFS bidding period.
- Collaterals provided by members as EPI of funds in excess of order value and for unallocated bids shall be released on T day (T being the day of OFS) after download of obligations.

Risk Management:

- Orders shall be checked for sufficiency of cash collaterals at 100% of the bid / order value for treatment as valid orders for non-institutional investors. Institutional investors shall pay 25% of the order value in cash at the order level for every buy order. The same shall be collected from the Custodians for confirmation of the order. The balance 75% shall be paid as part of the OFS settlement on T+1 day as per the stipulated timings. In case of rejection / non confirmation of institutional orders by the Custodians, such orders shall be cancelled. These funds shall not be utilized against any other obligation of the trading member / custodian or co-mingled with other segments.
- Only valid orders shall be considered for determining indicative price and for final allocation. Sufficiency of funds shall be checked in case of order modifications.

Clearing & Settlement:

- NSCCL is providing an interface 'NSCCL Clearing Management System (NCMS)-IPO' to custodians and members to facilitate online order inquiry and confirmation. Through this interface members would be able to view the confirmation status of CP orders which are marked for confirmation by Custodians. This interface would enable custodians to carry out confirmations through screen based and file upload facilities.
  The executable (NCMSIPOsetup.exe) can be downloaded from http://www.connect2nse.com/. Custodian confirmation shall be subject to sufficiency of funds (i.e. 25% of the order value for institutional investors) in cash at the order level for every buy order.

- Members shall input valid CP code for institutional investors. The custodians shall confirm the CP orders with the available funds (i.e. 25% of the order value) not later than the end of the half an hour post close session.
- The settlement of funds and securities shall be effected through the existing settlement bank accounts and securities pool accounts of capital market segment on T+1 day. There shall be no netting of settlement. Following is the activity schedule for OFS:

Activity	Day / Timings
Securities transfer by selling member	T – 1 working day by 11:00 a.m.
Trading	T
Custodial Confirmation	T (not later than the end of the half an hour post close session.)
Final Obligation Report download	T
Funds pay in (balance 75% of order amount)	T+1 working day by 10:00 a.m.
Funds shortages intimation by Custodian	T+1 working day by 11:00 a.m.
Securities & Funds pay out	T+1 working day by 12:30 p.m.

- The securities client direct payout facility being currently provided in the Cash Market Segment shall be applicable for buy orders in the OFS also. Members may provide a separate file for settlement type (H) and settlement number wherein the OFS records for client direct payout shall be provided. The format for client direct payout file will be similar to that provided for capital market segment.
- The applicable Securities transaction tax (STT) shall be collected on T+1 day from the primary settlement account of the member maintained with the clearing bank.
- Excess pay-in of shares shall be released to the selling member on T+1 day.
- Funds payout shall be made to the selling member after completion of pay-in on T+1 day.
- The following reports shall be downloaded to all Members / Custodians:
  - Order Status Report (Allocation report) giving order wise confirmation and allocation status shall be downloaded on T day after custodian confirmation. The report format is attached as Annexure.
  - Final obligation report for settlement shall be downloaded on T day after custodial confirmation.
  - Securities Transaction Tax (STT) report shall be downloaded on T day after custodian confirmation.
  - The payout records of OFS shall be included in Demat Final Receipt Statement (DFRS) downloaded in the capital market segment on T+1 day.
  - DFND reports being currently provided in capital market segment shall also include transactions related to OFS.

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The format for following reports will remain same for OFS as currently being provided in the capital market segment:

1. Final obligation report

Naming convention:
<Member Code>_FOBG_<Settlement type settlement number>_<DDMMYYYY>.csv
Where DDMMYYYY is the report date

2. Member-wise STT report

Naming convention:
OFS_<Member code>_DDMMYYYY.csv
Where DDMMYYYY is the report date

- Handling of default in pay-in:
  In the event of default in the funds pay-in obligation (75% of the order value) by the Custodian for the institutional investors, an amount of 10% of the order value shall be forfeited as penalty. In such a case the Custodian shall be required to inform NSCCL by way of fax about the orders to be cancelled due to the short fall on the settlement day by 11:00 a.m.
- Security deposit by selling member: Selling member shall be required to transfer shares to specified account of NSCCL on the T-1 day by 11 a.m.

You are advised to take note of the above.

For any further clarifications and queries kindly contact the following officials of the Clearing Corporation: Mr. Vivek Singhvi, Mr. Samir Rajdev and Mr. Jigar Shah.

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Annexure:

Order Status Report
Naming convention: Order_OFS_<Member Code>_DDMMYYYY.csv
Where DDMMYYYY is the report date

Sr. No.	Attribute	Description
1	Member type	
2	Member Code	
3	Symbol	
4	Order No	
5	Client Category	MF/INS/OTH
6	PAN No	
7	Client	Client code / CP code
8	Order Status	Confirmed / Un-confirmed /Rejected (in respect of CP orders)
9	Bid Qty	
10	Bid Price	
11	Total Bid Amount	Bid Qty * Bid Price
12	Allotted Qty	
13	Allotted Price	