

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

Department: FUTURES AND OPTIONS SEGMENT

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All Members,

Sub: Two-way Portability across Clearing Corporations

Members of NSE Clearing Ltd. (NCL) and Indian Clearing Corporation Ltd (ICCL) are hereby informed that NCL and ICCL in consultation with Securities and Exchange Board of India (SEBI) are working on a two-way portability project which will be operated as “SaaS” (Software as a Service) model. The purpose of this two-way portability module is to provide business continuity to members of the Clearing Corporations (CCs) in case of a software problem faced in Risk Management systems of the Clearing Corporations.

For members there is no change in day-to-day working. The proposed two-way SaaS Portability will only come into effect when the affected CC decides to switch to SaaS Portability due to major software problem in its Risk Management System. The model is in addition to the existing Production and DR systems of the CCs thereby ensuring enhanced robustness for markets as a whole. The only change for members is user interface that is different than the daily risk management interface of their designated CC.

The proposed new system will enable the CCs to have continued Risk Management for their members with minimal process time that may be required to switch to SaaS portability instance.

Salient features of two-way portability model are as follows:

1. Each CC will provide its Risk Management software to other CC in case of a software failure in the Risk Management Software of the other CC for the Equity Cash, Equity Derivatives and Currency Derivatives Segments.
2. NCL would create a separate instance of its Risk Management System for ICCL and ICCL would create a separate instance of its Risk Management System for NCL.
3. Trades from the Exchanges pertaining to the Clearing Members of the affected CC will be processed in the Risk Management system of the other CC for computation of positions and margins, blocking of collateral, Risk Reduction Messages, give-up/ take up process, early pay-in etc.
4. CCs would provide interface to each other's Members in various modules of such separate instance of Risk Management system which will, inter alia, facilitate members to view their positions, margins, collateral limit utilization details etc. in Equity Cash,

Equity Derivatives and Currency Derivatives Segments on real time basis at the CM/TM/client level.

5. At the EOD on such day, all the post trade processes will be handled by designated CCs only.
6. Mock sessions would be conducted for market participants periodically.

In order to familiarise members to above mentioned two-way SaaS Portability functions, soon market-wide mock sessions will be conducted. Detailed guidelines in respect of the aforesaid two-way portability model will be issued shortly.

For and on behalf of
NSE Clearing Limited
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