

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

SEGMENT: CAPITAL MARKET SEGMENT	
Download Ref No: NCL/CMPT/71441	Date: Nov 24, 2025
Circular Ref. No: 375/2025	

All Members/Custodians/PCMs,

Sub: Auction for Internal Shortage – Frequently Asked Questions

This has reference to NCL/CMPT/71045 dated October 30, 2025 for ‘Auction for Internal Shortage – Update’.

The frequently asked questions with respect to the above are as annexure to the circular.

**For and on behalf of
NSE Clearing Limited**

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Annexure

Frequently asked Questions (FAQ)

Q1: Does auction get conducted for both CC and Internal Shortages?

Ans: Yes, auction is conducted for both CC and Internal shortages. Circular no. CMPT66688 dated February 14, 2025 may be referred for further insight on this.

Q2: What is auction rate? On whom is the auction rate applied?

Ans: Auction rate is computed based on the auction offer price for auctioned quantity and the close out price for the unsuccessful auction.

Auction rate is applied on the members who had obligation to deliver in the normal settlement, but have short / not delivered the securities.

Q3: What is close out rate? On whom is the close out rate applied?

Ans: Close out rate is defined in SEBI Master Circular dated SEBI/HO/MRDPoD2/CIR/P/2024/00181 dated December 30, 2024 as follows:

- the highest price recorded in that scrip on the exchange in the settlement in which the concerned contract was entered into and up to the date of auction or close out

OR

-20% above the latest available closing price at the exchange on the day on which auction offers are called for

whichever is higher

This is the rate at which members are paid in case they do not receive securities payout in normal settlement / auction.

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Q4: What is an Auction Difference?

Ans: Auction difference is collected from the short delivering member in case of successful auction where the settlement price is greater than the auction rate. Auction difference is applicable for all shortages (internal and cc shortages).

Q5: Will NCL execute close out transactions for both cc and internal shortages? At what level will these transactions get executed?

Ans: Yes, NCL will execute close out transactions for both cc and internal shortages at the clearing member level. The Clearing members shall further pass close out to short delivering/ receiving clients.

Q6: Is the Auction Penalty applicable for both CC-level and Internal Shortages?

Ans: Auction penalty is applicable for CC-level shortages.

Q7: In which report will I find close-out details for various scenarios?

Ans: The reports are as follows:

- Unsuccessful internal auction shortage close-out : Auction Delivery P_0000
- Unsuccessful CC shortage close-out: Auction Delivery F_0000
- CC shortage Corporate action close-out: Auction Delivery F_0000
- Non-Actionable series such as trade for trade/Block deal – BL series/ G-Sec close-out: EquityT1 Delivery F_0000
- Auction pay-in shortages close-out: Auction Delivery F_0000

Close-out for internal shortage where valuation debit is not paid by member and close-out for internal shortages in government securities and securities under corporate actions is to be handled by member as per clause 7.13 (iv) of circular CMPT 67751 dated April 29, 2025.

Q8: Where will the auction rate and the close out rate files be available?

Ans: The auction rate (A<settno>_ddmmyyyy.txt) and close out rate (CSQR_M2025065_04042025.csv) files will be available on the website under Market Data > Daily Reports.