

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Segment : Commodity Derivatives Segment

Download Ref No: NCL/SEC/ 39998

Date : January 21, 2019

Circular Ref. No: 0022/2019

All Members,

Sub. : Settlement through Additional Delivery Centres in Commodity Derivatives Segment

This is further to circular no. NSE/COM/39971 dated January 17, 2019 and circular no. NSE/COM/39106 dated October 10, 2018.

Currently as part of the existing settlement mechanism for bullion contracts, Ahmedabad is treated as the basis centre and main / primary delivery centre.

In order to facilitate Pan India delivery mechanism, National Stock Exchange of India Limited (NSEIL) has identified additional delivery centres at the cities of Delhi, Mumbai and Chennai with effect from 25th January, 2019.

The process of accepting / giving delivery at the additional centres is completely optional and NSE Clearing shall carry out settlement only when both the buyers and sellers intentions match on the defined parameters.

The process for provision of intentions and settlement at additional delivery centre is as follows:

- The facility shall be made available from the 25th calendar day of the month (except Saturdays, Sundays and Trading holidays) preceding the expiry month to one day prior to the expiry date of the contract in respect of additional delivery centres.
 - There is no change to the current process with respect to Ahmedabad delivery centre.
 - The tender period continues to be from 1st to 6th day of the contract expiry month (except Saturdays, Sundays and Trading Holidays).
- Members will be required to provide the intention requests through Inventory management System (IMS) under the existing NMASS application
- The timelines for giving intention requests for additional delivery centers will be from 06.00 PM to 09.00 PM during tender days for additional delivery centres.
- Members shall be required to provide the intention to deliver or receive in additional delivery centres along with the quantity and the indicative premium / discount to the Ahmedabad spot price (basis centre price).
- All such intentions received during tender period for additional delivery centres shall be matched at the end of day subject to members having an underlying position in the near month futures contract.
- The matching of the intention requests shall be based on price time priority taking into consideration the delivery center (same delivery center), and premium/discount quoted.

- An intention, once provided cannot be modified however cancellation of intentions within the above stipulated time will be permitted.
- NSE Clearing will not do any allocation for the unmatched requests and all unmatched intention requests shall be cancelled at end of the day.
- Physical Settlement for all the matched requests shall take place on the subsequent business day on a T+1 day basis at the additional delivery centers where T is tender day.
- On T+1, the funds settlement shall be carried out considering the basis centre price (Ahmedabad price) whereas the settlement of premium / discount component shall be carried out during the supplementary settlement cycle.
- The existing penalty mechanism will apply for all shortages during settlement.
- "Delivery Period Margin" would be applicable on all matched intentions.
- Deliveries for all open positions and unmatched intentions on the day of expiry shall be mandatorily settled at the basis delivery centre i.e. Ahmedabad.

The existing framework for clearing, settlement, risk management and for handling settlement shortages is applicable for settlement through additional delivery centers.

The current mechanism for settlement at basis delivery center (Ahmedabad) shall continue as per existing procedure wherein tender period starts from 1st day of the expiry month. The reports with respect to delivery and obligations shall continue to be in the existing format.

Vault details and charges for additional delivery centres are annexed herewith.

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

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