NATIONAL SECURITIES CLEARING CORPORATION LIMITED

DEPARTMENT : DEBT SEGMENT	
Download Ref No : NSCCL/DS/34498	Date : March 29, 2017
Circular Ref. No : 11/2017	

All Members/Custodians/PCMs

Sub: <u>Debt Segment - Auction framework for Corporate Bonds traded on the Stock Exchanges platform</u>

With reference to SEBI circular no. SEBI/HO/MRD/DP/CIR/P/2017/11 dated February 10, 2017 and further to Circular ref.no. NSCCL/DS/34177 dated February 15, 2017 regarding Review of Financial close out and Auction framework for corporate bonds traded on the Stock exchanges platform in Debt segment.

In this context, Auction framework for Corporate Bonds traded on the Stock Exchanges platform is as follows :

Auction Market deals shall be cleared and settled on a trade for trade basis under settlement type "M" (Debt Segment – Auction). Auction Market deals shall be settled on a gross obligations basis. Settlement of all transactions shall compulsorily be done in dematerialised mode and settlement guarantee shall be provided.

Failure of the seller to deliver bonds shall result in buy-in auction for the bonds by Clearing Corporation as per auction schedule declared periodically. Auction shall be conducted on T+1 day and settled on T+2 day. The delivering member shall complete delivery instructions for transfer of bonds to CM Clearing Pool Account on settlement day. The depositories shall facilitate transfer of such bonds to "NSCCL Settlement Pool account" by 09:30 am.

The valuation price for bonds which were not delivered on the settlement day for bonds, shall be the closing price of such bonds, on the T day unless prescribed otherwise from time to time by the relevant authority. For the purpose of this clause, the closing price shall be the price as announced by the Specified Stock Exchange and the day of valuation shall be the day as decided by the relevant authority of the Clearing Corporation from time to time.

The auction amount shall be charged to the short delivering member. Failure to procure bonds in auction or failure of auction seller to deliver bonds in part or full on auction pay-in day, shall result in close out. The financial close out shall take place at highest price on Trade date (which becomes the trade price) with a 1% mark-up on trade price.

For and on behalf of
National Securities Clearing Corporation Ltd,

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Manager

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