



PART B

- ITEM 1: CLEARED AND NON CLEARED DEALS
- ITEM 2: BASIS FOR CLEARING AND SETTLEMENT OF DEALS AND SETTLEMENT OBLIGATIONS
- ITEM 3: CLEARING DAYS AND SCHEDULED TIME
- ITEM 4: MAINTENANCE OF DEPOSITORY ACCOUNT
- ITEM 5: PROCEDURE FOR PAY-IN /PAY-OUT OF FUNDS
- ITEM 6: PROCEDURE FOR PAY-IN AND PAY-OUT OF SECURITIES
- ITEM 7: CLOSING OUT
- ITEM 8: LIQUID ASSETS
- ITEM 9: MARGINS
- ITEM 10: CHARGES AND PENALTIES
- ITEM 11: CORE SETTLEMENT GUARANTEE FUND
- ITEM 12: DELIVERY UNITS
- ITEM 13: CUSTODIAL PARTICIPANT
- ITEM 14: PRIVACY OF CONTRACT
- ITEM 15: NEGOTIATED TRADES
- ITEM 16: AUCTION FRAMEWORK FOR CORPORATE BONDS TRADED ON THE STOCK EXCHANGES PLATFORM



ITEM 1: CLEARED AND NON CLEARED DEALS

In pursuance of Regulation 3.3 of NSCCL Capital Market Regulations deals admitted on the Debt clearing segment shall be as under:

1.1 Cleared Deals

Cleared Deals means the following deals executed on the Debt Segment of NSE:

1. Deals in the Normal market including deals executed in
 - a. Debt securities on retail platform of debt segment
 - b. Debt securities on institutional platform of debt segment
 2. Deals in the Negotiated trade platform
- Details of clearing and settlement of negotiated trades are provided in Item no 15



**ITEM 2: BASIS FOR CLEARING AND SETTLEMENT OF DEALS
AND SETTLEMENT OBLIGATIONS**

In pursuance of Regulations 4.3 and 4.4 of NSCCL Capital Market Regulations the basis for clearing and settlement of deals and settlement obligations is specified as under:

Settlement calendar periods shall be specified by the relevant authority from time to time.

2.1 Normal Market deals

Deals executed in the normal market in debt securities on retail and institutional platform.

2.1.1. Regular normal market deals

For debt securities on retail platform and institutional platform for Central Government Securities, publicly issued corporate bonds and for such privately placed corporate bonds which meet selection/eligibility criteria to be specified by the exchanges

- Transactions shall be executed in settlement type 'I'
- Settlement can be only in dematerialised mode and on a net obligation basis.
- Settlement Guarantee shall be provided
- Settlement shall be on DVP III (Netting of funds and securities) basis and shall have settlement cycle of T+1



ITEM 3: CLEARING DAYS AND SCHEDULED TIME

In pursuance of Regulation 6.2 of NSCCL Capital Market Regulations it is hereby notified that the time schedule to be observed with regards to Clearing House, Depository Clearing System and Clearing Bank is specified as under:

3.1 Settlement in Depository Clearing System

The delivering member shall complete delivery instructions for transfer of securities to CM Clearing Pool Account on settlement day. The depositories shall facilitate transfer of such securities to 'NSCCL Settlement Pool account' by 11.00 am.

The depositories shall credit the receiving members' pool account / clients' beneficiary account in accordance with the pay-out instructions received from Clearing Corporation on the settlement day.

3.2 Clearing Bank

The paying member shall have clear funds in their settlement account on settlement day. The Clearing Bank shall debit the paying members' account by 11.00 a.m. in accordance with instructions received from Clearing Corporation.

The Clearing Bank shall credit the receiving members' settlement account in accordance with the pay-out instructions received from the Clearing Corporation on the settlement day.



ITEM 4: MAINTENANCE OF DEPOSITORY ACCOUNT

In pursuance of Regulation 14 of NSCCL Capital Market Regulations, the provision relating to clearing member's clearing account with a Depository Participant of the specified depository is hereby specified as under:

4.1 Depository Account

The members shall operate a clearing account with a Depository Participant of the depositories, National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) for the purpose of settlement of depository deals or for any other purpose as the relevant authority may specify from time to time.

For all members who are enabled on the Capital Market (CM) segment, the existing pool accounts used in CM segment for the purpose of pay-in and pay-out of securities shall be used in the Debt segment, no separate clearing account is required for the Debt segment.

4.2 Procedure for shifting of CDSL pool account

In case a clearing member wishes to shift the CDSL pool account from one depository participant to another, then the new pool account number shall be intimated to the Clearing Corporation as per format specified in **Part C**¹.

¹ Refer 'Format for intimation of CDSL pool account to the Clearing Corporation'



ITEM 5: PROCEDURE FOR PAY-IN /PAY-OUT OF FUNDS

In pursuance of Regulation 13 of NSCCL Capital Market Regulations, the provision relating to clearing bank appointed by the Clearing Corporation, are hereby specified as under:

5.1 Funds pay-in and pay-out shall be through banks designated as Clearing Banks by the Clearing Corporation. The list of banks currently available for settlement is provided in **Part C²**.

5.2 Funds settlement obligation

The funds obligations shall have two components:

1. Trade value obligations and
2. Accrued interest obligations.

5.3 Trade Value Obligations:

Trade obligations shall be based on the traded value. The trade obligation shall be netted at clearing member level to arrive at the final trade obligation amount payable for a settlement.

5.4 Accrued Interest Obligations:

Accrued interest (AI) for Central Government securities shall be calculated as follows:

a. Accrued interest for Government Securities shall be computed as below:

$$\text{Accrued Interest} = (\text{Settlement date} - \text{Last Interest Payment date}) * \text{face value} * \text{coupon rate} / 360$$

Difference between settlement date and Last IP/Next IP date shall be calculated using 30/360 days basis formulae

b. Accrued interest for other securities is computed as below:

i. For settlement dates greater than record date and less than next interest payment (Next IP) date:

$$\text{Accrued Interest} = (\text{Next IP date} - \text{Settlement date}) * \text{face value} * \text{coupon rate} / 365 \text{ or } 366$$

ii. For other settlement dates:

$$\text{Accrued Interest} = (\text{Settlement date} - \text{Last Interest Payment date}) * \text{face value} * \text{coupon rate} / 365 \text{ or } 366$$

² Refer 'List of designated Clearing Banks and branches'



For bonds trades in clean price adjusted to Rs 100 the “face value” in the above formulae shall be replaced by “100”.

The accrued interest obligation shall be netted at clearing member level to arrive at the final accrued interest amount payable/receivable.

A separate report for the accrued interest obligation shall be downloaded daily in the member’s folder on extranet.

5.5 Maintenance and operation of clearing account

5.5.1 Primary Clearing Account

- Every clearing member shall maintain and operate a separate and distinct primary clearing account for the debt segment with any one of the designated clearing banks at the designated branch of the bank, as given in **Part C**³. The primary clearing account shall be used exclusively for clearing operations i.e., for settling funds obligation, accrued interest, payment of margins, penal charges, etc as may be specified by the Clearing Corporation from time to time.

5.6 Operation of clearing accounts

- Clearing members shall irrevocably authorize, as per the format given in **Part C**⁴, the clearing banks to access their clearing accounts for debiting and crediting their clearing accounts as per the instructions of the Clearing Corporation, reporting of balances and other information as may be required by the Clearing Corporation from time to time and furnish to the Clearing Corporation an acknowledged copy of the same along with the account particulars issued by the clearing banks.
- Clearing members can deposit funds into these accounts in any form and can withdraw funds from these account only in self-name.
- Clearing members having funds obligation to pay shall have clear balance of requisite funds in the clearing accounts on or before the stipulated funds pay-in day and the stipulated time.
- Clearing members shall not seek to close or de-activate the clearing accounts without the prior written consent of the Clearing Corporation
- The clearing banks shall debit/credit the clearing accounts of the clearing members as per instructions received from the Clearing Corporation from time to time. Any request from the clearing members for revoking the authorization furnished by them shall not be considered by the clearing banks. The clearing banks shall not close the

³ Refer ‘List of designated Clearing Banks and branches’

⁴ Refer ‘Format of letter to be submitted by Clearing Member to Clearing Bank for operation of clearing account’



clearing accounts or permit deactivation of the same without the prior written consent of Clearing Corporation.

- All bank confirmations received from clearing banks on behalf of the members towards margins, funds pay-in, collateral enhancements etc. shall be given effect only after receiving a written/electronic confirmation from their respective clearing banks.

5.7 Procedure for change in primary clearing banks

In case a clearing member wishes to shift the primary clearing account from one designated clearing bank to another, the following procedure shall be followed:

- The clearing member shall request the primary clearing bank in writing for issuing a No Objection Certificate (NOC) for shifting of the primary clearing account.
- The clearing member shall request the Clearing Corporation in writing seeking its permission for shifting of the primary clearing account and enclose the NOC received from the existing primary clearing bank in this regard or where the NOC is not received, furnish an acknowledged copy of the NOC request along with a declaration to the effect that no response has been received from the existing primary clearing bank in respect of the NOC request even after a minimum waiting period of a fortnight.
- The Clearing Corporation would thereon issue a letter of introduction to the other designated clearing bank
- On opening the clearing account with the other designated clearing bank, the clearing member shall submit to the Clearing Corporation the document relating to the new primary clearing account issued by the clearing banks in the format as mentioned in above in 5.6.
- The Clearing Corporation shall thereon communicate the date from which the new primary clearing account shall be operational. The clearing members are required to intimate the Clearing Corporation whether they wish to continue the existing primary clearing account as one of the additional clearing accounts or discontinue the existing primary clearing account after the change in primary clearing bank. In the event of the clearing members wishing to discontinue the existing primary clearing account, the Clearing Corporation shall communicate the date after which the existing primary clearing account may be closed by the clearing member.
- In the event of the clearing members wishing to continue the existing primary clearing account as one of the additional clearing account, the clearing member shall be required to provide the letter from clearing bank confirming continuance of account as additional clearing account along with the letter in the format as mentioned in 5.6 above, for such additional clearing account.



ITEM 6: PROCEDURE FOR PAY-IN AND PAY-OUT OF SECURITIES

In pursuance of Regulation 6.12 & 6.14 of NSCCL Capital Market Regulations, the provision relating to pay-in and pay-out of securities by the Clearing Corporation are hereby specified as under:

6.1 Pay-in of securities

Pay-in shall be conducted on the scheduled pay-in day, in accordance with the settlement calendar periodically issued by the Clearing Corporation in this regard. Members shall maintain settlement accounts at both depositories viz. NSDL and CDSL and provide specific pay-in instructions to depositories for effecting pay-in

6.1.1 Auto Delivery Out

For pay-in through NSDL / CDSL a facility has been provided to members wherein delivery-out instructions will be generated automatically by the Clearing Corporation based on the net delivery obligations of its Clearing Members. These instructions will be released on the T+1 day and the securities in the Clearing Members' pool accounts will be marked for pay-in.

Clearing members desirous of availing this facility shall send a letter in the format provided in **Part C⁵**.

The features of this facility are intimated vide NSDL Circular No. NSDL/PI/2000/1240 dated July 22, 2000 and CDSL Circular No. CDSL/OPS/DP/SETTL/2672 October 05, 2011.

6.1.2 Early pay-in of securities

NSCCL provides a facility to Trading Clearing Members to make early pay-in of securities through NSDL and CDSL. Details for making early pay-in are provided in Item 9 under point no 9.5.

6.2 Pay-out of Securities

Pay-out shall be conducted on the scheduled pay-out day, in accordance with the settlement calendar issued periodically by the Clearing Corporation.

Pay-out shall be to the member's pool account.

6.2.1 Direct pay-out to Beneficiary Account

A facility is provided to the members to directly credit the pay-out to investor's beneficiary account. Clearing members shall provide a file to Clearing Corporation for effecting pay out to investors' accounts for a particular settlement type and settlement number. Clearing members have to mention the beneficial owner's account number entitled to receive the pay-out of securities. The direct pay-out of securities can be credited to the client's account

⁵ Refer 'Format of letter for Auto Delivery Out'



regardless of the depository in which the securities pay-in is received. In case of a shortage, the quantity credited to the client account will be to the extent of net pay-out received by the clearing member. Clearing members shall provide a file to Clearing Corporation for effecting pay out to client's accounts as detailed in **Part C**⁶.

The clearing member can provide own settlement account details if the clearing member intends to receive full or part pay-out of securities, which is not identified for direct client account pay-out, in the settlement account with specific depository. This information can be provided in the same file. The clearing member shall provide depository participant ID and depository participant client ID if the settlement account is with NSDL or CM Settlement account number if the settlement account is with CDSL.

The direct pay-out instructions uploaded by a clearing member will be considered for the particular settlement day only for which the file is uploaded. Any release of pay-out done subsequent to the settlement day as specified above, will be to the pool account of the clearing member

6.2.2 Securities Payout to Members Preferred Depository

In addition to the direct delivery of securities to the client account, Members also have a facility to receive their payout in their preferred depository.

Members have a facility of preferred depository wherein payout receivable by members can be credited to the specified pool account in either of the depositories viz. NSDL or CDSL.

Members are requested to take note of the following:

1. The securities payout shall be after giving effect to any client direct payout instructions which may have been provided by clearing members for the respective security for the respective settlement. In the event of a failure of a client payout instruction at the depository, the payout shall be effected to the respective depository pool account.
2. Members shall ensure that they get their account details updated in case of shifting /change of account etc. to ensure that the payout happens to the preferred depository pool account.
3. Members may avail the said facility by providing details in the form of a letter as enclosed in **Part C**⁷ along with the client master report of the respective depository pool account. Also, the same letter has to be provided in case of closure of the said preferred depository pool account along with the client master report of the respective depository pool account.
4. Members may take note that they shall continue to maintain pool accounts in both the depositories viz. NSDL and CDSL.

⁶ Refer 'Direct Payout to Investors Account'

⁷ Refer 'Availing the facility of directing the payout to Preferred Depository'



ITEM 7: CLOSING OUT

In pursuance of Regulation 10 of NSCCL Capital Market Regulations, the provision relating to Closing Out of contracts by the Clearing Corporation, are hereby specified as under:

7.1 Failure to deliver

Failure of the seller to deliver securities 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.



ITEM 8: LIQUID ASSETS

In pursuance of Regulation 3.10 of NSCCL Capital Market Regulations, the provision relating to requirement for additional capital or margins by the Clearing Corporation, are hereby specified as under:

A member may deposit liquid assets in the form of cash, bank guarantees, fixed deposit receipts and any other form of collateral as may be prescribed from time to time.

These liquid assets are segregated as cash component and non-cash component. Cash component shall mean cash, bank guarantees, fixed deposit receipts, and approved Government of India Securities and any other form of collateral as may be prescribed from time to time. Non-cash component shall mean all other forms of collateral deposits like deposit of approved corporate bonds and any other form of collateral as may be prescribed from time to time.

The total liquid assets comprise of the cash component and the non-cash component. As per SEBI circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 wherein the cash component shall be at least 50% of liquid assets. This implies that non cash component in excess of the total cash component would not be regarded as part of total liquid assets.

8.1 Margin Deposits by the member

In pursuance of Byelaw 2 of Chapter VIII of the Byelaws and Regulation 3.10 of Chapter 3 of Regulations, the following requirements are prescribed in respect of margin deposits to be provided by the members:

Members are required to provide deposits of Rs 1 lakh in cash form in Debt segment.

Members who wish to provide any deposits at any point of time, towards margin and/ or other obligations, may do so in any one or combination of the following forms:

- i) Cash
- ii) Fixed Deposit Receipts (FDRs) issued by **Approved Banks**⁸ and deposited with **Approved Custodians**⁹.
- iii) Bank Guarantee in favour of National Securities Clearing Corporation Ltd. from **Approved Banks**.
- iv) Government of India Securities/T-Bills, as per list provided by Clearing Corporation
- v) Corporate bonds in demat form deposited with **Approved Custodians**, as per list provided by Clearing Corporation

The Clearing Corporation may at its discretion accept fixed deposit receipts, bank guarantees, or approved securities or such other mode as may be approved and subject to such terms and conditions as may be imposed from Clearing Corporation from time to time.

⁸ Refer 'List of approved Custodians' in Part C

⁹ Refer 'List of banks approved for issuing Bank Guarantees and FDRs' in Part C



NSCCL shall not accept Fixed Deposit Receipts (FDRs) and Bank Guarantees from members as collateral, which are issued by the member themselves or banks who are associate of member. Explanation - for this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2012

8.2 Guidelines for Submission of Deposits

8.2.1 Cash

Members may submit deposit in the form of cash by making the required amount available in their respective clearing bank account and sending an authorization to the Clearing Corporation for debiting the said amount from their clearing account. The same can be provided through a web based facility called Collateral Interface for Members (CIM) which enables the members to log in through internet. Members shall log in through specific user-ids and passwords into CIM. To obtain a Login User ID, members are required to send their request to the Clearing Corporation in the format provided in **Part C¹⁰**.

The benefit of such cash deposit requests shall be subject to bank confirmation from the respective clearing bank. A member who has authorised the Clearing Corporation to debit his clearing account as above shall ensure due performance of the commitment. Non-fulfilment of such obligation will be treated as a violation and/ or non-performance of obligations and shall attract consequences, penalty and/ or penal charges as applicable to violations.

8.2.2 Fixed Deposit Receipt

8.2.2.1 Submission of Fixed Deposit

Members may furnish deposits in the form of FDR as mentioned above, subject to inter-alia, the compliance of the following:

- i.** The FDR should be issued either in favour of: "Custodian Name" (as the case may be) - A/c MEMBER NAME" in case to be deposited with Approved Custodians list provided in Part C¹¹ or "NSCCL A/c MEMBER NAME" in case to be deposited with the Clearing Corporation.
- ii.** Members are required to issue a letter to the approved custodian/ Clearing Corporation agreeing that the approved custodian/ Clearing Corporation has an irrevocable authority to encash the FDR and to withdraw the FDR amount (including accrued interest) at any time, even prior to maturity of FDR without notice to the member, for recovery/adjustment of NSCCL/NSEIL dues. The formats of the letter are given in Part C¹².

¹⁰ Refer 'Format of letter requesting activation of account in Collateral Interface for Members application'

¹¹ Refer 'List of Approved Custodians'

¹² Refer 'Format of letter by member for submission of FDR to custodian' or 'Format of letter by member for submission of FDR to Clearing Corporation'



- iii. Members are required to submit a letter from the bank issuing the FDR to the approved custodian/Clearing Corporation in the formats given in Part C¹³.
- iv. The minimum value of FDR that may be accepted shall be Rs.1 lakh. The FDR should have validity for a minimum period of 3 months in case of margin deposit and for a minimum period of 12 months in case of security deposit.
- v. The FDR should be issued by any of the branches of approved banks and should be payable in the cities of: Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad and Hyderabad. The list of Approved Banks is provided in Part C¹⁴.

Member can additionally provide FDR's in electronic formats. The Procedure is as below:

- i. Member approaches and requests the bank to create FDR and mark lien in favour of NSCCL, the process is same as for physical FDR.
- ii. Member submits required documents to the bank for creation of FDR and marking the lien, the process is same as for physical FDR. Additional information to be provided by the member to the bank is given below:
 - a. Primary Member Code of the Segment
 - b. Segment for which the FDR is required
 - c. Security Deposit (SD) or Margin Deposit (MD)
- iii. Bank issues FDR and marks lien in favour of NSCCL
- iv. Bank sends the FDR information in electronic form to NSCCL
- v. NSCCL validates and if found correct passes on the benefit of the same to the member
- vi. NSCCL sends a system generated e-mail and sms to member.
- vii. To get intimation for addition and renewal of instrument through e-mail and sms, members are requested to register their e-mail ids and/or mobile number under CIM module and subscribe for "Add/Renew Electronic FDR" under CIM-Email or CIM-SMS.

The List of banks approved for issuance of E-FDR is provided in **Part C**¹⁵

8.2.2.2 Renewal of Fixed Deposit Receipt

- i. In case of renewal of FDRs placed with Clearing corporation, the clearing member shall furnish Clearing Corporation the renewal letter, as provided in part C, from the respective bank.
 - Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is change in FDR number
 - Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is no change in FDR number

¹³ Refer 'Format of letter to be provided by bank issuing FDR to the custodian' or 'Format of letter to be provided by Bank issuing FDR to the Clearing Corporation'

¹⁴ Refer 'List of banks approved for issuing Bank Guarantees and FDRs,'

¹⁵ Refer 'List of Approved Banks for issuance FDRs in electronic form'



- ii. In case of renewal of FDRs placed with Custodian, the clearing member shall furnish Clearing Corporation the renewal letter, as provided in part C, from the respective bank.
- Format of letter to be provided by bank for auto renewal of FDR to the custodian - when there is change in FDR number.
 - Format of letter to be provided by Bank for auto renewal of FDR to the Custodian - when there is no change in FDR number
- iii. The procedure of renewal of E-FDR is as below:
- a. Member requests bank to renew the FDR
 - b. Members can also request banks to renew existing physical FDRs in electronic form.
 - c. Member submits the required documents to the bank for renewal of FDR, the process is same as for physical FDR. Additional information to be provided by the member to the bank is given below.
 - Primary Member Code of the Segment
 - Segment for which the FDR is required
 - Security Deposit (SD) or Margin Deposit (MD)
 - d. Bank renews the FDR.
 - e. Bank sends the renewed FDR information in electronic form to NSCCL
 - f. NSCCL validates and if found correct renews the FDR
 - g. NSCCL sends a system generated e-mail and sms to member.

8.2.3 Bank Guarantees

8.2.3.1 Submission of Bank Guarantee

Members may opt for giving segment specific or fungible bank guarantee in the specified formats from any approved banks towards liquid assets

The acceptance of the bank guarantees by the clearing corporation shall be subject to the bank-wise and member-wise limits as are stipulated from time to time. The maximum value of bank guarantees that can be given from the issuing bank per member is as provided below:

Net worth of the issuing bank *	Applicable total limit per clearing member across all segments
Rs. 100 crores <= NW < Rs.200 crores	Rs 5 Crore
Rs. 200 crores <= NW < Rs.500 crores	Rs 10 Crore
Rs. 500 crores <= NW < Rs.1000 crores	Rs 15 Crore
Rs. 1000 crores <= NW < Rs.2000 crores	Rs 25 Crore
Rs. 2000 crores <= NW < Rs.3000 crores	Rs 35 Crore
>=3000 crores **	

*In respect of bank guarantees issued by the designated **Clearing Banks**¹⁶, the maximum value of bank guarantees that can be accepted from each of these designated clearing banks

¹⁶ Refer 'List of designated Clearing Banks and branches' in Part C



shall be set at the next higher slab in which they would have ordinarily been, compared with their net worth.

****Over Rs. 3000 crores, for each Rs.1000 crores of net worth, an incremental limit of Rs.10 crores per member is allowed.**

Based on the category of the member the above limits shall be subject to a maximum amount as mentioned below:

Category of member	Applicable total limit per clearing member across all segments
Professional Clearing Members in F&O segment / Custodian Clearing Members in Capital Market	Rs. 200 crores
Trading Cum Clearing Members in F&O segment	Rs.100 crores
Other categories of the members	Rs. 50 crores

Further, the maximum value of bank guarantees that can be issued by the primary clearing bank on behalf of their clearing member shall be as under:

Category of member	Applicable total limit per clearing member across all segments
Professional Clearing Members in F&O segment / Custodian Clearing Members in Capital Market	Rs.250 crores
Trading Cum Clearing Members in F&O segment	Rs.125 crores
Other categories of the members	Rs.62.50 crores

In addition to the above based on category of the member the below mentioned maximum value of bank guarantee limit shall be applicable across all segments /schemes:

Category of member	Applicable total limit per clearing member across all segments
Professional Clearing Members in F&O segment / Custodian Clearing Members in Capital Market	Rs. 1500 crores
Trading Cum Clearing Members in F&O segment	Rs. 750 crores



Other categories of the members

Rs. 500 crores

Members are advised to check their applicable limit before getting their bank guarantees issued.

Additionally, at the time of deposit of the bank guarantee, the member is required to ensure the following:

- i. The bank guarantee is strictly as per the **formats for Fungible Bank guarantee**¹⁷ and **format for Non Fungible Bank guarantee**¹⁸, prescribed by the Clearing Corporation, provided in part C.
- ii. Where member is submitting Fungible Bank Guarantee, it shall submit letter to clearing corporation as per prescribed format in **Part C**¹⁹, specifying the segment where benefit needs to be provided.
- iii. A bank guarantee for security deposit should be issued for a minimum period of 12 months with a specific claim period of at least 3 months. However, where an issuing bank does not provide for a specific claim period beyond the expiry date in the bank guarantee, the members shall submit a bank guarantee for a minimum period of 15 months. The maturity period of such bank guarantee shall be reduced by 3 months, which would be considered as the claim period of the bank guarantee.
- iv. A bank guarantee for margin deposit should have validity for a minimum period of 3 months. In case the issuing bank does not provide for a specific claim period beyond the expiry date in the bank guarantee, the maturity period of such bank guarantee shall be reduced by 7 days, which would be considered as the claim period of the bank guarantee.
- v. While filling the details in a bank guarantee, members shall ensure that:
 - a. No relevant portion is left blank
 - b. All handwritten corrections and blanks are attested by the bank by affixing the bank seal / stamp duly authorised
 - c. All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal / stamp duly authorised.
 - d. Each page of the bank guarantee should bear the bank guarantee number, issue date, stamp of the bank and should be signed by at least two authorised signatories.
 - e. The member should also ensure that the bank guarantee is free from any discrepancy before the same is submitted to the Clearing Corporation.
 - f. The stamp paper should be issued in the name of the clearing member or the bank, no third party stamp papers are permissible
 - g. The stamp paper should not be older than 6 months from the executed date of the bank guarantee/ renewal.

In case the bank guarantee does not strictly conform to the above-mentioned conditions, the same shall not be accepted by the Clearing Corporation and benefit for the same shall be

¹⁷ Refer 'Format of Bank Guarantee for Margin Deposit and Security Deposit (Fungible)' in Part C

¹⁸ Refer 'Format of Bank Guarantee for Margin Deposit and Security Deposit (Non Fungible)' in part C

¹⁹ Refer 'Format of Clearing Member Letter for submission of Fungible Bank Guarantee to NSCCL '



made available only upon the bank guarantee being strictly in conformity with the prescribed requirements.

8.2.3.2 Renewal of Bank guarantee

In case of renewal of bank guarantees, the members shall furnish the renewal document strictly in the prescribed format before the date of expiry / maturity date of the bank guarantee. The format is given in **Part C**²⁰. The members may also opt to give a fresh bank guarantee in favour of National Securities Clearing Corporation Limited instead of renewing the expired bank guarantees

8.2.3.3 Reminder Letters through extranet

Reminder letters are downloaded on a monthly basis through the extranet in respect of the Bank Guarantees and Fixed deposits those are due for renewal in the following month.

The file naming convention for the same is:

Path: FTP/<TM CODE>/REPORTS.

BG<BG ID>_ABC_<TM CODE>_DDMMYYYY.DAT

FD<FD ID>_ABC_<TM CODE>_DDMMYYYY.DAT

This is being provided as an additional facility only and members are advised to submit the renewals of the bank guarantees and fixed deposit receipts within the stipulated period. The members shall be responsible for the renewal of FDRs/ Bank guarantees expiring in the month

8.2.4 Government of India Securities as Collaterals

Securities in form of Central Government of India Securities (G-Sec) and Treasury bills (T-bills) are also accepted as approved collaterals. G-Sec/ T-Bill can be provided through E-Kuber or through creation of pledge in demat account or through lien in CSDL account.

The procedure for submitting G-Sec/T-Bills as collateral shall be as under:

- i. Member/Custodian desirous of providing G-Sec/T-Bills shall enter into an agreement with the Clearing Corporation as per the format provided in **Part C**²¹.
- ii. Clearing Corporation shall prescribe list of G-Sec/T-Bills that shall be eligible for acceptance as collateral from time to time.
- iii. G-sec/T-bill shall be accepted as collateral only in electronic form. The members desirous of providing G-Sec/T-Bills as collateral shall be required to enter the transaction through its custodian/bank on E-Kuber under Margin Transfer Module by 3.30 pm. The member shall further be required to put request for addition of GSEC in Collateral Interface for Members (CIM) under menu option “EMI – GSEC Deposit – Request / Enquiry-Request.” The member is required to submit a fax request for

²⁰ Refer ‘Format of renewal of bank guarantee towards Margin deposit and Security deposit’

²¹ Refer ‘Format of agreement for placing G-Sec/T-Bills as collaterals’



addition as per prescribed format in **Part C**²². Clearing Corporation shall confirm the transaction entered on the E-KUBER, based on the information received from members in CIM.

iv. The details of SGL-II account is as follows:

- v. Name of the Account: National Securities Clearing Corporation Limited
- vi. Member ID: BYA00168
- vii. SGL – II A/c No. SG020168

viii. The benefit of G-Sec/T-bills provided as collaterals shall be passed on to the members on G-Sec/T-Bills being transferred to the SGL-II account of the Clearing Corporation.

ix. For release of G-Sec / T-bills, the member shall put the request for release of GSEC in Collateral Interface for Members (CIM) under menu option “Collateral Release-New request / Inquiry – Release request”. The G-sec/T-bill released by the Clearing Corporation shall be entered on E-KUBER under Margin Transfer Module. The member is required to submit a fax request for release as per prescribed format in **Part C**²³. The members shall ensure that such transactions are approved on E-KUBER by their custodian/Banks.

x. G-Sec/ T-Bill can be alternatively provided to NSCCL in dematerialized form through creation of pledge in demat account, on lines of Corporate Bond as collateral as per procedure given in 8.2.6 below.

xi. G-Sec/T-Bill shall be valued daily based on previous day’s MTM prices as specified by CCIL.

xii. A hair cut of 10% shall be applied on the value of G-Sec/T-bill provided as collateral by the member. The value after applying the hair cut shall be added to the cash component of the liquid assets of the member.

xiii. Periodic coupon / Redemption payments received on the G-Sec/T-Bills provided by the member shall be passed on to the members by the Clearing Corporation immediately/next working day, upon receipt of relative interest from Reserve Bank of India.

Members/ Custodians who are also banks may note that G-Sec/T-Bills provided as collaterals should not be reckoned for SLR purpose of the banks and not be used for trading.

8.2.5 Corporate Bonds as Collaterals

8.2.5.1 Eligible Corporate Bonds

Members are permitted to deposit corporate bonds as communicated to the members from time to time, in electronic form (‘demat bonds’) in the designated depository accounts maintained with the approved custodians as mentioned in Part C in this regard. These

²² Refer ‘Format of letter to be given by the member for request of G-Sec / T-bills addition’

²³ Refer ‘Format of letter to be given by the member for request of G-Sec / T-bills release’



corporate bonds shall be pledged in favour of National Securities Clearing Corporation Limited.

The Clearing Corporation may revise the list of approved corporate bonds and, the haircuts from time to time. Members who have deposited corporate bonds which have been discontinued from the approved list, shall be required to take due care to replace such Corporate bonds.

Corporate bonds shall be treated as part of the non-cash component of the liquid assets of the clearing member

The valuation of the Corporate Bonds and haircut applicable shall be in accordance with the norms prescribed by the Clearing Corporation from time to time. The value of the Corporate Bonds shall be reduced by such haircut.

The Corporate Bonds shall be valued on daily basis on closing price of the bond listed under cash or debt segment of NSE or the valuation using yield from sovereign yield curve plus credit spread published by FIMMDA, whichever is lower. A hair cut of 15% shall be applied on the value of Corporate Bond provided as collateral by the member. Only the value net of applicable haircuts shall be considered as the value of the Corporate Bonds pledged. Valuation of Corporate Bonds shall be done by the custodians at such periodic intervals as may be specified by the Clearing Corporation from time to time. The total value of Corporate Bonds provided as non cash portion of the liquid assets shall not exceed 10% of the total liquid assets of the respective member.

A report containing details of valuation for corporate bond shall be downloaded to member in CSV format in common folder of FTP. The report nomenclature will be “CB_Bhavcopyddmmyyyy.csv”.

A report containing details of haircut for corporate bond shall be downloaded to member in CSV format in common folder of FTP. The report nomenclature will be “CB_Haircut_ddmmyyyy.csv”.

8.2.5.2 Ownership of Corporate bonds

The corporate bonds that may be deposited shall be subject to the beneficial ownership of the member/ spouse, any of the partners/ their spouses or any of the directors, in case of individual, partnership or corporate members respectively, as the sole/ first joint holder, provided no depositor of corporate bond should be a minor as on the date of deposit thereof.

In case of reconstitution / restructuring or any change in the partners /directors of the member, as applicable, a member shall be required to replace the corporate bonds belonging to such outgoing partners /directors immediately. The custodians shall be required to exercise due care for such replacement of corporate bonds and reporting thereof to the Clearing Corporation.

8.2.5.3 Opening of accounts



Members are required to open a separate depository account with the Approved Custodians for the purpose of deposit of corporate bonds. Members who are interested in availing of this facility may get in touch with the Custodians to ascertain the modalities with regard to deposit of corporate bonds.

8.2.5.4 Marking of pledge

Members may provide demat corporate bonds by marking a pledge of the corporate bonds in favour of the Clearing Corporation. The member shall be required to submit all such documents as may be required by the clearing corporation and the authorised custodian from time to time including the Deed of Pledge as per the specified format as mentioned in **Part C²⁴**.

Members shall give the necessary pledge instruction(s) to the Custodian for the corporate bonds to be pledged in favour of the Clearing Corporation. Once the corporate bonds are accepted and duly pledged by the Custodian, the Custodian shall inform the Clearing Corporation the valuation of the corporate bonds after adjusting the relevant haircut percentages. On the basis of the Custodian's advice, benefit towards corporate bonds pledged shall be provided to the member.

8.3 Releases of Liquid Assets

Member may request the Clearing Corporation to release deposits held by the Clearing Corporation. Such requests may be considered by the Clearing Corporation if the Clearing Corporation chooses not to exercise its lien pursuant to the Rules, Byelaws and Regulations and subject to availability after due adjustments for the due fulfilment of all obligations and liabilities arising out of or incidental to any contracts entered into by such member and subject to the bye laws, rules and regulations of the Clearing Corporation or anything done in pursuance thereof.

The web based facility of Collaterals Interface for Members (CIM) is provided for submission of release requests of collaterals. The members may select the desired available collaterals for release. Release requests though CIM can also be placed using a file upload facility. The format of file is prescribed in **Part C²⁵**.

8.3.1 Collection of released collaterals submitted to NSCCL

The representative of the members coming to collect released FDR/ BG is required to carry an authorization letter.

The released FDRs/ BGs under immediate release mode can be collected on same working day of the release from regional office where as FDRs/ BGs released under value date release mode can be collected on requested value date of the release from regional office.

8.4 Transfer of Collaterals

²⁴ Refer 'Format of deed of pledge'

²⁵ Refer 'File format for requesting collateral releases'



An additional facility is being provided in the Collateral Interface for Member (CIM) to enable members to transfer collaterals from one segment to other segment on an intraday basis. Members shall be required to put a transfer request in CIM and specify the segment where the collateral is to be transferred.

The intra-day transfer facility shall be available for margin deposits provided in form of Cash, Fixed Deposit Receipts only and Bank guarantee only. Further, as per membership circular download reference no. NSE/MEMB/13696 dated December 16, 2009, members shall also be able to request to avail excess Interest Free Security Deposit over the minimum amount stipulated in the other segments as collateral towards the margin requirements using the said facility.

The modalities of intraday transfer are mentioned below:

- i. The facility of transfer of collaterals shall be available to clearing members.
- ii. The facility of intraday transfer shall be available for Instrument Type Cash (CHQ) and Fixed Deposit Receipt (FDP) and Bank guarantee (BGN).
- iii. Member shall request for transfer of collaterals in Collateral Interface for Members (CIM) under menu option “Collateral Release – New Request/inquiry - Transfer Request”.
- iv. Transfer request received from the members via CIM shall be treated as request from the members and no separate transfer letter need to be submitted for Instrument Type Cash (CHQ) and Fixed Deposit Receipt (FDP)) and Fungible Bank guarantee (BGN).
- v. In case of non fungible Bank guarantee the member is further required to submit a letter to Clearing Corporation requesting for the same, the format of the letter is specified **Part C**²⁶ and an amendment letter executed on a Rs. 100 Stamp paper from the respective bank as per format of the amendment letter is specified in **Part C**²⁷ in addition to transfer request placed on CIM. Member may verify the details of the request for transfer and its status in CIM under menu option “Collateral Release – New Request/inquiry- Transfer Inquiry”.

²⁶ Refer ‘Format of Member Letter for shifting Non Fungible Bank Guarantee’

²⁷ Refer ‘Format of Bank amendment letter for shifting Non Fungible Bank Guarantee’



ITEM 9: MARGINS

In pursuance of Chapter VI(B) of the Bye Laws pertaining to Clearing and Settlement of deals and Chapter VIII of the Bye Laws pertaining to Margins, the following are prescribed for members :

9.1 Overview:

SEBI vide their circular CIR/MRD/DP/27/2013 dated September 12, 2013 has stipulated the revised framework of risk management in the Debt segment.

The core of the risk management system is the liquid assets deposited by members with the Exchange/Clearing Corporation. These liquid assets shall cover the following margin requirements for debt securities:

- a. Initial Margin (IM)
- b. Extreme Loss Margin (ELM)

The liquid assets of the member at all points of time shall be adequate to cover all the above requirements.

9.2 Liquid Assets:

The total liquid assets comprise of the cash equivalents and other liquid assets.

9.3 Margin:

9.3.1 Initial margin

Initial margin shall be based on a worst case loss of a portfolio of an individual client across various scenarios of price changes so as to cover a 99% VaR over one day horizon.

- The minimum initial margin for bonds shall be 2% for residual maturity up to three years, 2.5% for residual maturity above three years and up to five years; and 3% for maturity above five years.
- Initial Margin applicable on Central Government Securities in Retail Platform shall be 5%.

Initial margin shall be payable on all open positions of Clearing Members, upto client level, and shall be payable upfront by Clearing Members in accordance with the margin computation mechanism and/ or system as may be adopted by the Clearing Corporation from time to time.

Clearing Corporation shall adopt SPAN® system for the purpose of real time initial margin computation.

Loss numbers shall be computed for each debt security by applying the applicable margin rate to the last traded price of the debt security expressed in terms of clean price i.e. without taking accrued interest into account.



9.3.2 Extreme Loss Margin

The ELM shall cover the expected loss in situations that go beyond those envisaged in risk estimates used in the initial margins.

- The ELM for any bond shall be 2% of the last traded price expressed in terms of clean price. It would be deducted upfront from the total liquid assets of the member.
- There shall be no Extreme Loss Margin applicable on Central Government Securities in Retail Platform.

9.3.3 Collection of Margin:

- The Initial and Extreme loss margin shall be collected on an upfront basis by adjusting against the total liquid assets of the member at the time of trade.
- The Initial and Extreme loss margin shall be collected on the gross open position of the member. The gross open position for this purpose would mean the gross of all net positions across all the clients of a member including its proprietary position.
- For this purpose, there would be no netting of positions across different settlements.
- SPAN files shall be generated based on the prices at 11.00 a.m., 12.30 p.m., 2.00 p.m., and 3.30 p.m. every day. Such intra-day SPAN files shall be used for margining of intra-day member positions. In addition to the above a SPAN file at end of day and begin of day shall be provided.
- The SPAN files shall be made available in the extranet server and to the public at large through the Exchange website www.nseindia.com
- The margin so collected shall be released on completion of pay-in of the settlement.
- The details of all margins will be downloaded to members in their respective extranet directory as Detailed Margin Report (MG02).

9.4 Exemption from Margins

Members shall give specific client-ISIN instructions separately for each trading member clearing through them for availing EPI of securities, as per format provided in **Part C²⁸**. Positions for which early pay-in of securities is made shall be exempt from margin computation.

9.5 Early Pay-in of Securities for Margin Exemption

In cases where early pay-in of securities is made, such positions for which early pay-in (EPI) of securities is made are exempt from margins.

9.5.1. Procedure for making early pay-in of shares

Members can make the early pay-in of securities through either of the depositories viz. NSDL and CDSL.

²⁸ Refer 'File format for Early Payin of securities'



In NSDL, members shall deliver the securities to their CM Pool Account and execute irreversible delivery out instructions through their Depository Participant, for the particular settlement.

In CDSL, members have to open separate early pay-in account with CDSL through NSCCL. Members shall be required to send a request for opening an early pay-in account to NSCCL in the format specified in **Part C**²⁹.

Members are requested to contact their respective DP's for details on procedure to be followed for doing early pay-in at the depository.

9.6 Shortfall of Margins

In case of any shortfall in margin:

- The members shall not be permitted to trade with immediate effect.
- Penalty for violation on account of margin violation be levied on a monthly basis based on slabs mentioned below :-

Instances of Disablement	Penalty to be levied
1 st instance	0.07% per day
2 nd to 5 th instance of disablement	0.07% per day +Rs.5000/- per instance from 2 nd to 5 th instance
6 th to 10 th instance of disablement	0.07% per day+ Rs. 20000 (for 2 nd to 5 th instance) +Rs.10000/- per instance from 6 th to 10 th instance
11 th instance onwards	0.07% per day +Rs. 70,000/- (for 2 nd to 10 th instance) +Rs.10000/- per instance from 11 th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action

Instances as mentioned above shall refer to all disablements during market hours in a calendar month. The penal charge of 0.07% per day shall be applicable on all disablements due to margin violation anytime during the day.

9.7 Effect of failure to pay margins

Non-payment of either the whole or part of the margin amount due will be treated as a violation of the Bye Laws of the Clearing Corporation and will attract penal action. Without prejudice to the foregoing, the Clearing Corporation may, within such time as it may deem fit, advise the Exchange to withdraw any or all of the membership rights of member including the withdrawal of trading facilities without any notice.

In the event of withdrawal of trading facilities, the outstanding positions of the member may be closed out forthwith or any time thereafter by the Exchange, at the discretion of Clearing Corporation, to the extent possible, by placing at the Exchange counter orders in respect of the outstanding position of the member without any notice to the member, and such action shall be final and binding on the member

²⁹ Refer 'Format of application form for new CDSL EPI accounts with NSCCL'



9.8 Margins from the Client:

Members should have a prudent system of risk management to protect themselves from client default. Margins are likely to be an important element of such a system. The same shall be well documented and be made accessible to the clients and the Exchange/Clearing Corporation. However, the quantum of these margins and the form and mode of collection are left to the discretion of the members.

9.9 Close out of Positions

An online facility to close – out open positions of members, whose trading facility is withdrawn for any reason, is provided. On disablement, trading members may be allowed to place close-out orders through this facility. Only orders which result in reduction of existing open positions at the client level shall be accepted through the close-out facility in the normal market.

Apart from the above, members shall not be allowed to:

- Create any fresh position when in the close-out mode.
- Place close out orders with custodial participant code.
- Close out open positions of securities in trade for trade segment.

This facility does not dilute the powers of the Clearing Corporation to close-out under its Bye-Laws, Regulations and Circulars. Further the relevant authority may require the members to reduce/close-out open positions to such levels and for such securities as decided by the relevant authority from time to time.

9.10 Pay-in of funds/securities prior to scheduled pay-in day

The relevant authority may require members to pay-in funds and securities prior to the scheduled pay-in day for funds and securities. The relevant authority shall determine from time to time, the members who shall be required to pay-in funds and securities prior to the pay-in day. The relevant authority shall also determine securities and funds which shall be required to be paid in and the date by which such pay-in shall be made by the respective member.

The member would be required to make early pay-in of funds and securities within the time specified by the relevant authority.

9.11 Imposition of additional margins

The relevant authority may require members to make payment of additional margins at any time on such securities and at such rates as decided from time to time. This will be in addition to the daily margins which are or may be imposed from time to time.

9.12 Dissemination of Client level Position to Member:



The Client Level Positions shall be disseminated to all members through the detail position report (PS03).



ITEM 10: CHARGES AND PENALTIES

In pursuance of Regulations 7.15, 7.16, 9.3, 9.5, 9.8, 9.9A, 12.14 and 15 of NSCCL Capital Market Regulations the applicable penalties are hereby specified as under:

10.1. Funds Shortages

Members failing to fulfil their funds obligations by the scheduled date and time (all markets including the valuation debit raised on account of securities shortages) to Clearing Corporation shall be subjected to the following penalty structure:-

S. No	Type of Non-fulfilment	Penalty Charge % per day	Action
a)	Value Rs. 5 lakhs or more	0.07	The trading facility of the member shall be withdrawn immediately & Securities pay out shall be withheld.
b)	Value less than Rs. 5 lakhs	0.07	If in the last three months, the member is short over Rs. 2 lakhs on six or more than six occasions, the trading facility of the member shall be withdrawn and the securities pay out shall be withheld*

*In case, the member is disabled on account of (b) above, on making good the shortage amount, the member shall be permitted to trade subject to its providing a deposit equivalent to its cumulative funds shortage as the 'funds shortage collateral'. Such deposit shall be kept with the Clearing Corporation for a period of ten settlements and shall be released only if no further funds shortages are reported for the member in next ten consecutive settlements. Members may further note that there shall not be any margin benefit or any interest payment on the amount so deposited as 'funds shortage collateral'. The amount may be provided by way of cash, fixed deposit receipts, or bank guarantee, equivalent to the cumulative funds shortage.

Recovery of funds due through liquidation of securities withheld:

The funds defaulting member will be allowed such time as may be permitted by the relevant authority depending upon the facts of the case to bring in the amount in default. If funds are not brought at any time by the defaulting member, the Clearing Corporation at its discretion will proceed to close out securities in the normal / auction market. If the member does not bring in the amount by the time permitted by the relevant authority, and continues to default thereafter, the relevant authority would be constrained to initiate suitable action including withdrawal of his trading facility, appropriation of his capital / deposits with the Exchange / Clearing Corporation and/or declare him a defaulter.



10.2 Securities Shortages:

Members failing to fulfil their securities deliverable obligations to Clearing Corporation shall be subjected to the following penalty structure:-

S. No	Type of Non-Fulfilment	Penalty Charge % per day	Action
(a)	Security Shortage	0.05	The amount of the shortage shall be considered as value of the security shortage valued at higher of previous two days close price

10.3 Margin Shortages

Following penalty shall be levied on a monthly basis in respect of margin violations

Instances of Disablement	Penalty to be levied
1st instance	0.07% per day
2nd to 5th instance of disablement	0.07% per day +Rs.5000/- per instance from 2 nd to 5 th instance
6th to 10 th instance of disablement	0.07% per day+ Rs. 20000 (for 2 nd to 5 th instance) +Rs.10000/- per instance from 6 th to 10 th instance
11th instance onwards	0.07% per day +Rs. 70,000/- (for 2 nd to 10 th instance) +Rs.10000/- per instance from 11 th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action

Instances as mentioned above shall refer to all disablements during market hours in a calendar month. The penal charge of 0.07% per day shall be applicable on all disablements due to margin violation anytime during the day.

10.4 Non-allocation / rejection of institutional trades

In case of rejection/non-confirmation of any institutional/non-institutional trades by clearing member a penalty of 0.10% of the unallocated / rejected / unconfirmed value or Rs. 10,000/- whichever is lower per settlement shall be levied.



ITEM 11: CORE SETTLEMENT GUARANTEE FUND

11.1 Core Settlement Guarantee Fund

NSCCL has established the Core Settlement Guarantee Fund(Core SGF) for Capital Market segment based on the norms provided under SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014.

The Minimum Required Corpus (MRC) of the Core SGF shall be arrived based on the stress test methodology prescribed by SEBI. NSCCL shall compute the Minimum Required Corpus (MRC) for cash market which shall be subject to the following;

1. The MRC shall be fixed for a month.
2. By 15th of every month, NSCCL shall review and determine the MRC for next month based on the results of daily stress tests of the preceding month. NSCCL shall also review and determine by 15th of every month, the adequacy of contributions made by various contributors and any further contributions to the Core SGF required to be made by various contributors for the next month.
3. For every day of the preceding month, uncovered loss numbers shall be estimated by the various stress tests for credit risk conducted by the NSCCL for the segment and highest of such numbers shall be taken as worst case loss number for the day.
4. Average of all the daily worst case loss numbers determined in (3) shall be calculated.
5. The MRC for next month shall be higher of the average arrived in at step (4) and the segment MRC as per previous review.

11.2 Contribution to Core SGF

The contribution to core SGF for Debt Segment from various contributors shall be as follows:

1. NSCCL contribution to core SGF shall be 75% of MRC.
2. NSEIL contribution to core SGF shall be 25% of MRC.

NSCCL shall not seek contribution from its clearing members in Debt Segment

11.3 Penal Charges for Utilization of Core SGF

In the event of a clearing member failing to meet his obligations to the Clearing Corporation, the Clearing Corporation may, at its discretion, utilise the settlement fund to the extent and in such manner as necessary.

The Clearing Member shall be required to immediately pay the amount so utilised and also pay a penal charge at the rate of 0.07 % per day computed on the amount outstanding from



the day on which monies are due to be paid until the day all obligations including shortfall in deposits are fulfilled.



ITEM 12: DELIVERY UNITS

In pursuance of Regulation 7.6.1, 7.6.2 and 8.1 of NSCCL Capital Market Regulations, delivery units are prescribed as under:

12.1 Delivery unit for Regular Market Deals

Delivery unit for Regular Market Deals in depository mode shall be the lot size prescribed for each debt security of the Debt Segment of the NSE.



ITEM 13: CUSTODIAL PARTICIPANT

Custodial participants are those constituents who are eligible for trading through trading members and who clear and settle deals through clearing members.

1. The clearing member/s of custodial participants are required to apply to clearing corporation for the activation/ deactivation of CP code through Collateral Interface for members (CIM). The application of codes shall be through a file upload. Applications submitted through the facility shall be processed and the CP code shall be generated and provided to clearing member. On application of mapping request by a clearing member, a request for NOC shall be sent to Custodian of the client. The Custodian would be able to provide NOC for such mapping request by log-in in CIM application. The CP codes issued/ mapped shall be activated effective from next trading day. The Clearing members shall continue to perform KYC of the clients and maintain necessary documentation of client for whom CP code is applied.
 - The name of the file to be uploaded by the clearing member in the CIM shall be F_<MEMBERCODE>_CPCODE_YYYYMMDD.Tnn
Where,
MEMBER CODE- Primary code of clearing member
YYYYMMDD- current date
nn- Batch number of the file



The structure of detail record shall be as follows:

Sr. No.	Field Name	Field Characteristics	Details
1.	Custodial Participant Category	CHAR(11)	
2.	FPI III category type	CHAR(1)	Field should be blank
3.	Investment Category	CHAR(1)	Field should be blank
4.	CP code of main FPI	CHAR(12)	Field should be blank
5.	Client Name	CHAR(300)	
6.	Permanent Account Number	CHAR(10)	
7.	Client Registration No / Passport No in case of NRI/ PIO	CHAR(25)	
8.	Compliance officer	CHAR(30)	Compliance officer of member
9.	Country	CHAR(25)	Country of Origin/ residence
10.	UCC Generated	CHAR(10)	NA
11.	POA (in case of UCC)	CHAR(1)	NA
12.	Net worth Declaration	CHAR(2)	Y' – If networth is more than Rs.1 Cr of RI & DBC 'NA' – For other client categories

2. In case of Custodial Participant wish to shift from one Custodian clearing member to another Custodian clearing member, application shall be made to clearing corporation by both Custodian clearing members as per request letter provided in **Part C**³⁰ for deactivation and activation of custodial participant code.
3. The Clearing Corporation shall allot a CP code which shall be placed in all orders placed by the trading members for the Constituent on the Exchange.
4. Once the trade is executed in the trading system, the same shall be available to the clearing member, for approval or rejection. Clearing member shall approve or reject the trade, within the stipulated time as per the mechanism provided from time to time.
5. For deactivation/ modification/ change of Custodian or Clearing member of a Custodial Participant clearing member/s are required to furnish the details to the Clearing Corporation as per mentioned above.

13.1 Confirmation of trades entered by custodial participants

Clearing members of the custodial participants shall confirm trades through NCMS debt system entered into on behalf of the custodial participants. Such trades shall be confirmed by the clearing members in such manner, within such time and through such facility as may be provided to clearing members from time to time. All such trades which have been confirmed

³⁰ Format of application for activation / deactivation of custodial participant code" in Part C.



by clearing members shall form part of the obligations of clearing members concerned and such clearing members shall be responsible for all margins and obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations. Trades which have not been confirmed by clearing members of the custodial participants shall be considered as trades pertaining to the trading members entering such trades and shall form a part of the obligations of clearing members, who clear and settle for such trading members.

Member shall download the NCMS exe from www.connect2nse.com.



ITEM 14: PRIVITY OF CONTRACT

In pursuance of Bye Law 11(2) of Chapter VI of the Bye Laws pertaining to Clearing and Settlement of Deals, the cases to which the said section shall apply are specified herein:

Settlement Obligations of clearing members for giving and receiving delivery and paying and receiving funds arising out of Regular Market Deals, and LP Deals as specified under Item 2 of this circular unless specifically excluded by the relevant authority from time to time.

Pursuant to the above the following settlement obligations are specifically excluded:

Settlement obligations arising out of any deal where in the opinion of the Clearing Corporation or the specified Stock Exchange there are prima facie suspicion of fraud, wilful misrepresentations, malpractice or are subject to any investigation by the relevant authority of either the Clearing Corporation or the Specified Stock Exchange or by any statutory authority or are deals which are not properly executed in accordance with the respective Bye Laws, Rules and Regulations of the Specified Stock Exchange.



ITEM 15: NEGOTIATED TRADES

For debt securities on negotiated trade platform for corporate bonds

- Settlement shall be on Corporate Bond Reporting Platform (CBRICS) platform
- A separate CBRICS module shall be provided where trades on such bonds shall be available (<https://www.bricsonline.net/debt/gui/index.html>)
- Settlement for Central and State Government Securities shall not be provided
- Settlement Guarantee shall not be provided
- Settlement shall be on DVP I basis (Gross settlement)
- Settlement cycle shall be on T+0 or T+1 basis as per terms of the trade
- Settlement shall be carried out directly by clients or their respective custodian
- The indicative cut-off timings for settlements are as under
 - o T+0 settlement – upto 3.30 PM
 - o T+1 settlement – upto 11.00 AM
- On successful completion of pay-in of both securities and funds, the securities / funds shall be transferred by NSCCL to the depository / bank account of the counter-party
- The funds settlement account details of NSCCL shall be
 - o IFSC –XNSE00000001
 - o Account Number -8715106
- The securities settlement account details of NSCCL shall be
 - o DP ID: IN001002
 - o Client ID: 10000617
- If either of the participants / custodians fails to honour their pay-in obligation, either fully or partially, by stipulated time then
 - o The transaction shall not be considered for settlement
 - o Further the securities / funds received towards the pay-in obligation shall be returned back to the respective participants / custodians
- Registration of CBRICS for client is mandatory for settlement. Please refer to circular ref. no. NSE/CMPT/13525 dated November 23, 2009 for further details



ITEM 16: AUCTION FRAMEWORK FOR CORPORATE BONDS TRADED ON THE STOCK EXCHANGES PLATFORM

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.