

National Stock Exchange Of India Limited**Department :**

Download Ref No: NSE/INSP/41017

Date : May 16, 2019

Circular Ref. No: 08/2019

To All Members,

Sub: Clarification on Interoperability among Clearing Corporations

This has reference to SEBI circular CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018 and NCL circulars NCL/CMPT/39524, NCL/CMPT/39525, and NCL/CD/39526 dated November 28, 2018 on the introduction of Interoperability among Clearing Corporations.

Based on representations received from Members, Exchange is pleased to issue clarifications on the subject in the form of Frequently Asked Questions (FAQs). The FAQs are enclosed as **Annexure-A** for your reference.

The FAQs are prepared with a view to guide Members on the compliance issues arising out of Interoperability and the same may be updated from time to time.

All members are advised to take note of the same.

For and on behalf of**National Stock Exchange of India Limited****Srijith Menon****Chief Manager-Inspection**Enclosed: **Annexure A**

In case of any clarifications, Members may contact our below offices:

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Annexure-A**FAQ on Interoperability among Clearing Corporations****1. How will Client financial ledgers be maintained in view of the interoperability?**

The standardised format of client financial ledger has been specified vide Exchange circulars NSE/INSP/38743 dated August 30, 2018 & NSE/INSP/39393 dated November 13, 2018.

With respect to Segments forming part of interoperability, Client financial ledgers can be prepared Segment wise and consolidated across Exchanges. (For instance, in case of CM, FO & CD Segment, Member shall maintain separate ledger for CM Segment across all Exchanges & separate ledger for FO segment across all Exchanges & separate ledger for CD segment across all Exchanges). The bills posted shall mention the relevant Clearing Corporation's (CC) settlement number, as available. However, during inspections, Members should be able to demonstrate the break-up of trades (Segment-wise & Exchange-wise) for the bills so posted.

With respect to other Segments/products which are not part of interoperability of CCs, Members shall continue to follow the existing practice.

2. Will the format of Common contract note change?

Exchange circular NSE/INSP/39158 dated October 15, 2018, prescribes the format of the Common contract note. In view of introduction of interoperability, Members may give trade information in the contract note, Exchange wise or Segment wise. Member may also give additional details in the contract notes or make necessary changes without compromising with the minimum details prescribed in the existing format.

3. How will the serial number be mentioned on the contract note if the same is issued Segment-wise?

The serial number on the contract notes shall commence from April 01 of the respective financial year. Members, based on their internal policy, may opt to issue a single consolidated contract note or issue separate contract notes for different segments as the case may be. Such internal policy shall also lay down guidelines on the serial number and shall be followed consistently.

However, as a one-time exercise, Members shall be provided an option to reset the serial number w.e.f. June 03, 2019 in view of the inter-operability.

4. Will the reporting under Margin Trading (MTF) change due to interoperability?

Reporting shall be done on the Exchange on which the exposure was taken (i.e. scrip was bought). However, in case of liquidation, the reporting shall be done on the Exchange in which the scrip was bought, under the column provided for liquidation, even if it was liquidated on another Exchange.

5. How will Register of securities (ROS) be maintained in view of the inter-operability?

The standardised format of ROS has been specified vide Exchange circular NSE/INSP/38743 dated August 30, 2018 & NSE/INSP/39393 dated November 13, 2018. In view of Inter-operability, “Exchange” column (column no. 3 of ROS format) shall be replaced with “Clearing Corporation (CC)” or “Clearing Member” as the case may be. Accordingly, member shall mention the relevant CC/CM name, in the said column.

Further, the “Settlement No.” column (Column 11 of the ROS format) shall bear the settlement number of the relevant CC through which trades are cleared. However, during inspections, Members should be able to demonstrate the breakup of trades (Segment-wise & Exchange-wise).

There will be no change in the format of holding statement.

6. Whether, after interoperability, NRIs can buy/sell on one Exchange and square up on other Exchange(s) on the same trading day?

No, NRIs cannot undertake intra-day transactions in cash segment. In case a scrip is bought/sold on one Exchange, Members will have to ensure that the same scrip is not squared up on same or other Exchange(s) on the same trading day and ensure that such NRI Investor takes delivery of shares purchased and give delivery of shares sold.

7. For the purpose of collection and reporting Margin/MTM losses, financial balances of which segment should be used?

Members shall consider the free & unencumbered consolidated balance across all segments (excluding balance in the client’s Margin Trading (MTF) account) and Exchange for the purpose of collection & reporting Margin/MTM losses of the client. This shall be in supersession to point no. 5 of Annexure-A of NSE circular NSE/INSP/38154 dated June 27, 2018.

8. What will be the implication on trading for a client if such client is registered only one Exchange?

For the purpose of trading, the investor should be registered as client with the Exchange. A client registered with one exchange will be allowed to trade only in that exchange but can settle through any designated CC. However, such client, cannot trade on any other exchange unless registered to trade on that exchange.