

NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : MEMBER SERVICE**

Download Ref No : NSE/MSD/37707

Date : May 07, 2018

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Sub: Introduction of 'Colocation as a Service' (CaaS)

All Empanelled Vendors and Trading Members,

The Exchange is pleased to introduce a facility of Managed Colocation Service christened as NSE 'Colocation as a Service' (CaaS). This initiative will facilitate small and medium sized Members, who otherwise find it difficult to avail colocation facility, due to various reasons including but not limited to high cost, lack of expertise in maintenance and troubleshooting, etc. Under this facility, rack in co-location facility shall be allotted to empanelled vendors of the Exchange along with provision for receiving market data for further dissemination of the same to the trading member of the Exchange and the facility to place orders (algorithmic / non-algorithmic) by the trading members from colocation.

Broad features of the service are given as below:-

- 1) Only vendors empanelled by the Exchange shall be eligible to provide such service. List of empanelled vendors who shall be eligible to provide such service is available on the Exchange website https://www.nseindia.com/technology/content/empanelled_vendors.htm
- 2) Vendors shall provide a fully managed end to end solution which can be used by trading members to trade from the Exchange's colocation facility. Empanelled vendors shall make an application to the Exchange for offering CaaS in the format as per Annexure 1.
- 3) Vendor shall apply for rack in Exchange's colocation facility in the format as per Annexure 2 along with the undertaking in the format as per Annexure 3.
- 4) Vendor shall be required to apply for Point to Point (P2P) connectivity from any of the existing eligible service providers in colocation in the format as per Annexure 4. Vendors may take one or more leased line to the co-location facility as per the Exchange policy in this regard.
- 5) Vendor shall be required to apply for availing Multicast Tick by Tick (MTBT) market data broadcast in the format as per Annexure 5.
- 6) Vendor and desirous trading members should execute the Service Provider Agreement (SPA), in the format as per Annexure 6 for availing the service. (certified copy to be submitted to the Exchange)
- 7) Vendors providing colocation services to members of the Exchange shall have to adhere to the rules and provisions given as below:

- a. Maximum permitted members availing vendor services per half rack shall be 10 and full rack shall be 20;
 - b. Vendor shall be permitted to have only one such contract with a particular member at any given point of time for CaaS;
 - c. Vendors shall be liable to all such charges as currently applicable to member for availing colocation facility and as updated from time to time;
 - d. Vendor shall provide fair, transparent and equitable access to all members availing the service;
 - e. Vendor shall ensure confidentiality of information and data pertaining to each member;
 - f. Vendor shall be responsible for upkeep and maintenance of all infrastructure in his rack/s;
 - g. Vendor shall provide support to the members including BCP provisions, system audit etc. if required by the member;
 - h. Vendors shall be liable for half yearly system audit and shall refer the Exchange Terms of Reference (TOR) as stated in circular download ref. no. NSE/CMTR/26285 dated March 25, 2014, or as amended from time to time.
 - i. Exchange reserves the right to inspect and audit the infrastructure deployed by the Vendor for the service offering to members;
 - j. Vendor will not be allowed to use MTBT data for commercial purposes other than providing it to members availing his service in the rack allotted for trading on the Exchange.
- 8) Members shall be permitted to have only one contract with an empanelled vendor, subject however to maximum of 2 Vendors, at any given point of time for CaaS. Beyond this, members desirous of expanding their presence in colocation are encouraged to seek independent racks in colocation. Thus, members who have matured/ in future mature to independent rack ownership shall not have access to CaaS.
 - 9) Rack and MTBT connection charges shall be borne by the vendor and order connectivity charges shall be borne by the member as applicable from time to time.
 - 10) Physical access to co-location data centre will be restricted only to the initial set up and access for periodic or urgent maintenance if any would be only with prior permission from NSE only to the authorised persons of the vendor.
 - 11) Member shall exercise appropriate due diligence in respect of the services offered by Vendors. Exchange shall not be liable towards any member for any failure/incident which is the outcome of hosting solution provided by Vendor. Vendors providing services to members shall be out of Exchange purview, in relation to this service.
 - 12) Members shall execute a separate commercial contract/agreement with Vendor for availing his services which shall not be under the Exchange's purview.
 - 13) Member shall be required to take NNF product approval as per existing process and guidelines of the SEBI and Exchange before deploying through the Non-Neat Frontend (NNF) Trading System as per Exchange circulars as updated from time to time.
 - 14) Any member, who is desirous of availing such services from vendor, shall apply for interactive connectivity to Exchange in the format as per Annexure 7 along with the Vendor confirmation letter in the format provided as Annexure 8. Members may note that only 2 order connectivity's shall be permitted per member and vendor combination in any message category available from time to time.

- 15) Member shall follow the existing process for user id as per Exchange circular NSE/MSD/34638 dated April 13, 2017 and as updated from time to time.
- 16) Member shall ensure fulfilment of Exchange compliance's related to trading such as base minimum capital requirement, mandatory monthly mock participation, periodic system audit report submission, etc. as communicated by Exchange from time to time.

Empanelled Vendors and Participants may additionally note the following:

- The Exchange will provide co-location facility on a best efforts basis and shall not be responsible for any direct / indirect / consequential loss / damage / claim of any kind for any reason whatsoever including but not limited to power failure, air conditioning failure, system failure and loss of connectivity etc. Further, the Exchange shall not be liable for discontinuation of co-location facility owing to legal and/or regulatory requirement.
- Empanelled Vendors and Participants desirous of availing colocation facility or who have already subscribed to Exchange's colocation facility shall have to strictly abide by the Colocation access policy, Guidelines (updated from time to time) and Circulars, at all times. Additionally, all communications/ instructions/ circulars/ directions from the Exchange have to be complied with in this regard. Any non-compliance shall invite disciplinary action by the Exchange which will be in accordance with Exchange Byelaws, Rules and Regulations.
- Kindly note that the Exchange's Colocation facility does not have a separate BCP/DR Site. Considering the current technology intensive environment in which Indian Securities market operates, to ensure stability in operations of Members and to protect the interest of investors and market at large, members are advised to sufficiently review all potential risks along with its impact on the business and put in place Business Continuity Planning (BCP)/Disaster Recovery (DR) systems as communicated earlier vide circular NSE/MEM/11832 dated December 31, 2008.

Additionally, taking into consideration the global trends, member representations and in continuation of service excellence, the Exchange has decided to enhance scope of allowing the members to host their trading IT infrastructure for the various Non-Neat Frontend (NNF) solutions (i.e. CTCL / IBT / STWT / DMA / ALGO / SOR etc.) deployed by them for trading, in the colocation facility provided by the Exchange.

The circular shall be effective immediately.

**For and on behalf of
National Stock Exchange of India Limited**

**Heena Pendharkar
Chief Manager**

Telephone No	Fax No	Email id
1800 266 0053	+91-22-26598155	msm@nse.co.in