

National Stock Exchange of India Limited

Circular

Department: MEMBER SERVICE DEPARTMENT	
Download Ref No: NSE/MSD/61358	Date: March 27, 2024
Circular Ref. No: 24/2024	

All Members,

Sub: Colocation - Revision in rack allotment procedure

This circular is issued in partial modification to Section II. B. 6. of Exchange circular NSE/MSD/57389 dated June 30, 2023.

Members are requested to note the below changes in the rack allotment procedure:

A. Priority for allotment of rack to members for new FPI/FII clients:

1. Existing Members applying for additional racks to host New FPI / FII clients (currently not trading from NSE colocation facility through any member) shall be provided preference for rack allotment over requests submitted by new / existing member.
2. The rack desire requests submitted by member for a FPI / FII client shall be added to the topmost priority list for rack allotment. However, the priority shall be applicable for rack desire requests submitted only through 1st member and shall be applicable for only first 3 rack desire requests (any rack variant) for a FPI/FII client.
3. Subsequent rack desire request submitted for the same FPI / FII client by the member shall be added to the normal waitlist queue of existing members.
4. Members will require to submit a request letter as per Annexure 1 providing details of the client along with letter from the client as per Annexure 2. (to be submitted within T+2 working days of the rack desire request submission date)
5. Member shall not be allowed to modify the client details for the pending rack desire request once submitted.
6. Eligible Rack desire requests submitted for multiple FPI / FII client shall be considered in priority list as per FIFO basis of submission of the rack desire request.

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B. Rack allotment process for new members:

1. Any member who is currently not holding an active rack at the time of submission of rack desire request is considered as new member from perspective of Co-location facility and all rack desire requests submitted on the same day shall be considered in the priority list.
2. The priority shall be applicable for only first 5 rack desire requests (any rack variant) submitted by member on the same day.
3. The rack desire requests submitted by new members shall be given priority only after fulfilment of rack desire requests submitted by members on behalf of new FPI / FII clients.
4. Rack desire requests submitted subsequently (i.e. after submission of rack desire request on first day of application) by new members shall be added to the normal waitlist queue of existing members.

C. Rack allotment process for existing members:

1. Members having less than 5 racks (any rack variant) will be given preference for allotment of rack in rack desire waitlist queue till the allotment reaches up to 5 racks (any rack variant).
2. Allotment to members having 5 racks (any rack variant) or more will always happen post allotment of racks to members applying for new FPI / FII client, new members (upto limit of 5 racks) and members having less than 5 racks in the rack desire request is complete.
3. In case a member who holds more than 5 racks, surrenders few racks wherein his holding comes down to less than 5 racks, and if he applies for a rack in future; he will get priority for allotment in line with existing members holding less than 5 racks.
4. In case a member who holds less than 5 racks applies for additional racks, the rack desire requests submitted by the member will be given priority for allotment till the rack holding reaches 5 racks (any rack variant).
5. All subsequent rack desire requests of the member (beyond 5 allotted racks) will be added to the normal waitlist queue on FIFO basis i.e., based on date and time stamp, along with members holding more than 5 racks.
6. For example: A is holding 2 racks in Co-location, he will be given priority for allotment of 3 racks i.e. wherein his total availed rack count becomes 5, post which the rack desire applications will be added to the normal waitlist queue on FIFO basis.

Members are also requested to note the following:

- Complete rack desire requests received shall be considered for allocating racks on first come first served basis based on the revised priority queues.
- The revised priority queue / waitlist shall also become applicable to the existing rack desire requests already submitted to the Exchange.

Further in modification to Section II. B. 8. of Exchange circular NSE/MSD/57389 dated June 30, 2023.

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- a. Currently participants are allowed to cancel the rack desire request in the same calendar month in which the request is submitted, and advance deposit collected, if any is refunded else the entire amount collected is forfeited.
- b. Based on feedback from market participants in event wherein Exchange is unable to provision racks of desired rack type within the prescribed timelines (i.e. on or before 6 months starting from the following month of submission of rack desire request), the participants will be allowed to submit a cancellation request for such rack desire request. Request should be submitted as per format Annexure 3.
- c. In such a scenario wherein in cancellation of rack desire request is received due to non - provisioning of racks of desired rack type within the specified timelines; the deposit amount received against the request shall not be considered as forfeited and shall be credited back to the colo participant.
- d. Further the rack desire request status shall be updated as cancelled and such request shall be excluded from the wait list.

Further in modification to Section II. B. 10 Participants who have procured racks are directed to commence operations/trading from the said racks within 6 months from the date of allotment.

Exchange strongly advises all its Co-location participants to:

- a. Surrender the unused racks, if any.
- b. Consider consolidation of procured racks, if feasible.
- c. Use the racks space for server placement optimally.

The changes as communicated above shall be effective from April 1, 2024.

For and on behalf of
National Stock Exchange of India Limited

Bharat Gandhi
Chief Manager

Toll Free No	Email id
1800-266-0050 (Option 1)	msm@nse.co.in

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Disclaimer:

Participants desirous of availing Co-location facility or who have already subscribed to Exchange's Co-location facility shall have to strictly abide by the Co-location 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.

Participants are requested to note that Exchange will provide co-location facility on a best effort 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. Colo participants are requested to note that the Exchange Co-location facility does not have a separate BCP / DR site and Co-location is not available in the Exchange's DR facility. Considering the current technology intensive environment in which Indian Securities market operates, to ensure stability in operations of colo participants and to protect the interest of investors and market at large, colo participants 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.