**Frequently asked Questions (FAQ)- Direct payout of securities to client account**

**Updation of Demat details**

**Q1:** In case a member client wants to modify primary demat account details for a client in exchange’s UCC database, by what time it should do the change to receive payout in the account?

**Ans:** Member need to update the same by 5:00 pm on Trade date. Exchanges shall send all such requests received till 5:00 pm to depositories for verification. If verified by depositories the new demat details shall be shared by exchanges to clearing corporation and the same shall be considered for payout of Auction/ Normal market settlement next day.

**Q2:** Post modification/ updation of demat details and primary flag in UCC database, in how much time will we get confirmation of verification of the same?

**Ans:** The confirmation of verification of depository details will be running on real time basis.

**Q3:** Whether provision of direct pay-out will be applicable to clients who are having arrangements with SEBI registered custodian?

**Ans:** The direct payout is not applicable for clients having arrangement with Custodians. Custodial participant clients . However, if such clients trade and clear with a broker/clearing members other than a Custodian member the provision of direct pay out shall be applicable, and payout of such clients will be provided in demat account in UCC details. If demat account is not present in UCC such payout will go in clearing member pool for first phase months. Further the settlement with clearing members of F&O that are Custodian in Capital market segment shall continue to be done at net obligation basis and the pay-out shall be credited in clearing member pool.

**Q4:** We have marked different primary demat account for Cash and F&O segment. We want payout of physical delivery obligation in demat account specified in F&O segment.

**Ans**: If member has reported different demat account in cash and F&O segment in the UCC then the payout will be provided in demat specified in Cash segment only.

**Q:** Whether clearing members in F&O segment and clearing and settling obligations for Custodial participant clients is required to update demat account details for all its CP clients?

**Ans**: Member need to provide information of demat account of only such custodial participant clients who are not active in Cash segment under a SEBI registered custodian.

**Q.** Our client is registered in both exchanges, can we update demat data in one of the exchanges?

Ans: As per guidelines members need to update demat data of their UCC in both exchanges. The demat account should be same in all exchanges for a UCC.

**Maintenance of CM pool account**

Q: Whether it is mandatory to maintain clearing member pool account in both depositories?

**Ans:** It is mandatory for clearing members to maintain active clearing member pool account in both depositories. In event active clearing member pool is not present in any depository there may be failure in crediting direct pay-out to client demat account.

**Maintenance of TM pool account**

**Q:** We are doing only proprietary trading. Do we need to open TM pool account?

**Ans**: In phase1 proprietary payout will be provided in pool account of your clearing member. In phase 2 the pay-out shall be provided in proprietary demat account. The depositories pass hop skip entries in CM pool, TM pool before crediting the payout in prop beneficiary account.

**Q:** Whether a member active only in cash segment either as self-clearing member or trading cum clearing member or professional clearing member need to open TM pool account?

**And:** No.

**Q:** We were earlier a self-clearing member and have an active clearing member pool account. Currently we are clearing trades with another clearing member. Do we need to open TM pool account?

**Ans**: Yes. TM pool account need to be opened as trading member and clearing member are different entities.

**Q.** We are clearing in cash segment but trading member in F&O segment and have an active clearing member pool account for settlement of cash segment. Do we need to open TM pool account?

**Ans**: Yes. TM pool account need to be opened as trading member and clearing member are different entities in F&O segment.

**Q.** We are Trading member in both Cash and F&O segment clearing with PCM. Do we need to open separate TM pool account for cash and F&O segment?

**Ans:** No only one TM pool account is required.

**Maintenance of CUSPA/CSMFA account**

**Q.** We have all our client demat account in one depository. Do we need to open CUSPA/CSMFA accounts in other depository also?

**Ans**: No. You need to maintain CUSPA/CSMFA accounts in one depository where your clients exist.

**Q.** We do only proprietary trading. Do we need to open CUSPA/CSMFA accounts?

**Ans**: Not required.

**Q:** Whether existing CUSPA account will work, or do we need to open new account?

**Ans**: As per conformation provided by depositories, Member can open CUSPA account with any of the account type (TM or TM-CM or CM CUSPA). They need to maintain only one account per PAN.

**Q**: Can members maintain multiple CUSPA/CSMFA account in depository?

Ans: Members must ensure that they must keep only one CUSPA/CSMFA account active, for a PAN, in one depository. Other such accounts need to be closed.

**Q:** We are self-clearing member doing only prop trading. Whether it is mandatory for us to open clearing member pool account in both depositories?

**Ans:** It is mandatory for all clearing members to maintain active clearing member pool account in both depositories. This is an existing requirement as specified in item 4.1 (Depository accounts) of NCL consolidated circular for Capital market.

**Q**: Whether it is mandatory for clearing members to open clearing member pool account in both depositories?

**Ans:** It is mandatory for all clearing members to maintain active clearing member pool account in both depositories. This is an existing requirement as specified in item 4.1 (Depository accounts) of NCL consolidated circular for Capital market.

**Q**: We are self-clearing member and have marked CDSL as our preferred depository, do we need to keep my NSDL account open?

**Ans:** It is mandatory for all clearing members to maintain active clearing member pool account in both depositories. This is an existing requirement as specified in item 4.1 (Depository accounts) of NCL consolidated circular for Capital market.

**Reporting of unpaid/ MTF clients**

**Q.** We want to report unpaid/MTF for a client for a security listed only on BSE. Whether we use BSE script code or BSE script ID?

Ans: For BSE securities member shall upload unpaid MTF requests with **script code**. For example, for MOHITE INDUSTRIES LTD member shall upload request with ‘532140’ instead of script id ‘**MOHITE’.**

**Q.** I am a self-clearing member. Do I put unpaid request with T flag or C flag for unpaid clients?

**Ans**: You have to provide request with flag T as the clients are your internal clients. C flag is to be used by TM-CM or PCM for reporting unpaid in case of non payment of funds by CP client or by Trading member clearing with it.

**Q.** What flag should we report if custodial participant client is unpaid?

**Ans**: Member has to report flag C. This is applicable only to CP clients of F&O segment not registered in cash segment with SEBI registered custodians.

**Q**. We are Clearing member and one of our trading members has defaulted in funds pay-in. What flag should be reported?

**Ans**: Member has to report flag C.

**Q.** We are Clearing member and one of our trading members wants to release payout to its client with pledge to its TM CUSPA. What flag to be reported?

**Ans**: Clearing Member has to report flag T. It this case the Trading member has paid funds to clearing member but the clients of Trading member has not paid fund to

**Q.** If we want CC to release some payout to client in MTF and some payout in CUSPA and balance as without pledge, how can I request for the same?

**Ans**: Members can report multiple flags for a client for specific quantities such that total requested quantity is less than or equal to obligation of the client. CC shall prioritize payout processing in following sequence; ‘C’ followed by ‘M’ followed by ‘T’ flag. Any balance quantity shall be provided free of pledge in client demat account.

**Q.** Whether clearing members, clearing for other trading members report unpaid for proprietary account of such Trading member?

**Ans**: During phase 2 clearing member shall report flag C for such cases.

**Q.** On account of multiple settlement shortages of settlement number 2024175 shall be done along with shortages of 2024176. Member has reported flag M for 100 qty in 2024175 and 100 qty with flag T in 2024176, to release payout of a client. In case CC is able to obtain 150 qty in auction, in which flag payout will be distributed?

**Ans:** Payout of 100 qty will be released in client account with pledge to CSMFA account and payout of 50 qty will be released with pledge to CUSPA in auction settlement 2024176.

Q. We had reported ‘T’ flag for a client in Normal. However, client has received short pay-out. Whether we need to report the flag again for Auction?

**Ans:** No. NCL will carry forward the flag report in normal to Auction market.

Q. Our client is going short for last many trading days. Whether we need to report CUSPA for each trade date separately? Can we report CUSPA flag for one trade date and CC shall consider for all subsequent days?

**Ans:** No CUSPA/MTF flags need to be reported for each trade date separately for each settlement type and number.

**Q:** All or partial records of Unpaid/MTF uploaded by me have got rejected. What should be the batch number of subsequent file?

Ans: In case member has received R01 file the next file shall be uploaded with incremental i.e. 02 batch only.

Q. Do I need to report any flag to release payout to client without any pledge?

Ans: No. Flag is required to be reported only if payout is required to be released with pledge in favour of CUSPA/CSMFA.

**Revised mechanism of auction for internal shortages**

**Q.** How will CC compute internal shortages?

Ans: The internal shortage shall be identified by comparing gross sell obligations vis a vis pay-in received for a security from clearing member. The gross sell obligation shall be computed as sum of net sell obligation of all clients of a clearing member for a security.

**Q.** How will clients who did not receive pay-out in normal settlement due to internal shortage get pay-out of security or close out?

**Ans**: NCL will conduct auction for internal shortages, if securities are successfully obtained, CC shall identify the clients who have not received payout in normal settlement and provide pay-out to these clients in Auction settlement. Where client has not received pay-out in action settlement also, member will close out such securities as per guidelines specified in point 14 of Standard operating guidelines.

**Q.**  How can member check the securities identified by clearing corporation as internal shortage and the valuation amount to be provided by members for the same?

Ans: CC shall provide information in CM\_SA\_S\_DDMMYYYY\_01.csv report. The report shall be provided in Member portal/extranet\_dnld/Voluntary Auction/dnld path. While CC will identify and provide details of internal shortages and the valuation amount to be paid by member, members shall have internal processes to identify the internal shortages in advance and provide the valuation amount by 12:00 noon.

**Q:** Which report should the member refer for details of successful/ unsuccessful auction of internal shortage?

**Ans:** Post closure of Auction market NCL will download SA\_DTLS\_DDMMYYYY.csv report. This report will give details of securities that were obtained fully or partially in Auction market.

**Q:** Whether it is mandatory to pay valuation amount for internal shortages. What is the timeline of payment of valuation internal shortages. What is the rate at which valuation amount shall be determined for internal shortage?

**Ans:** Yes, it is mandatory to pay valuation amount for internal shortages for CC to conduct Auction. Members shall make available the valuation amount in their settlement bank account of capital market segment by 12:00 noon on the settlement day. While CC will identify and provide details of internal shortages and the valuation amount to be paid, member shall have internal processes to identify the internal shortages and provide the same by 12:00 noon. The price for valuation amount for internal shortage is 20% above settlement price of security on Trade Day.

**Q:** What report shall member refer for information pertaining to internal shortages?

**Ans:** Following reports shall be provided

1. CM\_SA\_S\_DDMMYYYY\_01.csv giving details of securities identified for internal auction and the valuation amount to be paid by the members for the internal shortages identified by NCL. The same is available in Member portal/extranet\_dnld/Voluntary Auction/dnld folder
2. SA\_DTLS\_DDMMYYYY.csv report will give details of securities that were obtained fully or partially in Auction market. The same is available in Member portal/extranet\_dnld/Voluntary Auction/dnld folder
3. CM\_MTM\_Prices\_DDMMYYYY.csv will give details of settlement price of security. The same is available in Member portal/ Extranet-Common/ Clearing folder.
4. CSQR\_<StpType><setttno>DDMMYYYY.csv report will give details of Close-out price. The same is available in Member portal/ Extranet-Common/ Auction folder.
5. A<setno>.txt will give details of Auction rate. The same is available in Member portal/ Extranet-Common/ Auction folder.
6. Member shall refer to Obligation, STT and StampDuty reports for obligation pertaining to internal shortages.

**Processing of pay-out directly to client demat account**

**Q.** Will the hop skip entries be reflected in CM/TM pool account?

**Ans**: Depositories will pass hop-skip entries in CM pool, TM pool and client beneficiary account for payout credited successfully to client demat account.

**Q.** Where client demat account is not present in UCC, where will the pay-out get credited?

**Ans:** During phase 1, such payout will be credited to member pool in preferred depository. Before phase 2, clients whose demat details is not present shall be moved to non-permitted to trade category by exchanges.

Q: Whether any payout will be received in preferred depository?

A: Payout of clients where demat account is not found in UCC database shall be credited to clearing member pool in preferred depository. Payout pertaining to prop obligation shall be provided in clearing member pool in preferred depository in phase 1.

**Q.** If payout is not credited to client account on account of rejection at depositories, whether such payout will be credited to member in preferred depository?

**Ans**: Such pay-out will be credited to clearing member pool in the depository from where CC has received pay-in and not necessary in preferred depository. Members need to maintain clearing member pool account in both depositories and monitor credit of such pay-out in pool account of both depositories.

**Q.** In phase 1 will payout be credited to clearing member pool?

**Ans:** CC shall credit pay-out to clearing member pool a/c for following cases:

1. Verified demat account not found in UCC of exchanges
2. Pay-out rejected by depositories for various reasons
3. Excess pay-in by member over gross pay-in obligation
4. Payout pertaining to proprietary obligations (including DVP trades)
5. Exempted clients as specified from time to time and, clients clearing with SEBI registered custodian.

**Q.** Our clients have enabled Standing Instruction in their NSDL demat account or have updated Purchase waiver flag in CDSL demat account? How will direct pay-out get credited to such clients?

**Ans:** Members must ensure that such clients provide receipt instruction in NSDL account or update purchase waiver flag for their expected pay-out transactions before the pay-out deadline.

**Delivery report for Direct payout**

**Q.** What details I will get in new DeliveryDPO report?

**A:** The new DeliveryDPo report will give UCC wise details of payout provided to client demat account. This will also give details of the payout released with CUSPA/MTF pledge. Once the pay-out is released by CC to depositories the confirmation/ rejection status of the payout shall be ‘DCOAW’. Once payout is credited successfully by depositories in clearing member/ client account the status shall be changed to CONFTD. For cases where payout is rejected by depositories the status shall have error code provided by depositories. additionally, there shall be a corresponding entry in report with credit to clearing member pool account with status as ‘CONFTD’.

**Q.** When will I get final delivery report for direct payout (DeliveryDpo)?

A: The final report shall be provided to members post confirmation/ rejection status of all payouts released to client account is received from depository.

**Q.** We see multiple versions of DeliveryDpo reports; P\_0001, P\_0002, P\_hhmm and F\_0000. How do I ascertain that all my payout is settled from Delivery report?

A: NCL may provide provisional report to members (P\_hhmm) based on confirmation records received till such time from depositories. If all payout records in provisional report are confirmed (CONFTD) for a member then the member can use the same for EOD processing.

Q: Will DeliveryDpo report provide details of source depository from where the payout is released by NCL

A: The details will be provided in field SrcDpstryAcct. In case payout is released from NSDL, 8 char CMBP ID of NCL account will be provided and in case payout is released from CDSL 16 char NCL pool account number shall be provided in the field. This detail will not be provided where nil payout is provided to client i.e. payout quantity to client is zero.

**Q.** Will Delivery report for direct payout (DeliveryDpo) provide details of short payout given to clients?

**A:** The report will provide actual quantity credited to client account. In case nil payout is provided to client demat account, ‘0’ quantity shall be reflected in quantity field against pay-out record of the client and the depository confirmation/ rejection code shall be ‘CONFTD’. Members will have to ascertain short receipt by comparing the payout quantity with Obligation quantity.

**Q.** What will be changes in existing Delivery report. How do we relate the new DeliveryDpo with modified Delivery report?

**A:** There is no change in the format of existing Delivery report. However, there will be change in the quantity under POT and EXC records.Currently POT record represents the net pay-out delivered to the member pool, while EXC records represent the excess pay-in quantity over the net pay-in obligation of the member which is returned back to the member pool account.

Post go live of direct payout, the quantity in POT records will represent the gross payout successfully given to clients / member pool i.e. DPC0, DPC1, DPC2, DPC3, POT1, POT2, POT3, where depository confirmation/ rejection code is ‘CONFTD’. The quantity in EXC records will represent the excess pay-out given to the member pool i.e. EXC1 where depository confirmation/ rejection code is ‘CONFTD’.

**Q**: How will we come to know my UNPAIDMTF pledge has been successfully marked in Depositories?

**Ans:** Members can refer to status of payout record DPC1, DPC2, DPC3 in delivery report. If the same is CONFTD the unpaid/MTF pledge is marked in depository. Alternatively, members can refer to report provided by Depositories in this regard.

**Q:** Whether we will get UCC details where pay-out is credited in member pool?

**Ans:** Yes, you will bet UCC details in Delivery report for POT1 (Demat not found), POT2 (Rejected pay-out), POT3 (Pay out of prop account)

**Q**: Whether transaction indicator POT, AUC, CLO, EPI, EPR are applicable for ‘DeliveryDpo’ report?

Ans: No. Transaction indicator POT, AUC and CLO are applicable to existing ‘Delivery’ report only.