

FAQ on Interoperability_0

Disclaimer:

“This document/FAQ summarizes the queries relating to the above topic(s) in a concise manner for Member’s ease of understanding. This information and/or content provided herein (collectively referred to as ‘Information’) offers only a simplistic explanation/clarification of terms/ concepts related to the above topic, and NCL has issued detailed circular(s) in this regard from time to time.

While NCL endeavours to ensure that the Information is accurate and up-to-date, NCL shall not be held liable for any loss, damage, or inconvenience, including without limitation any loss of profits, arising from reliance on the Information provided in this FAQ. NCL reserves the right to modify, update, or remove any Information in this FAQ without prior notice.

For full particulars of the circular(s) governing the above topic, please refer to the actual text of the detailed circular(s) issued by NCL.”

Frequently Asked Questions (FAQs)

Version Date: July 30, 2019

[Please check the website for latest version. These FAQs include some NCL specific questions and should be read from the point of view of a member who has opted for NCL as designated Clearing Corporation under interoperability. All new questions are appended to the end]

1. Membership

Question: Will a Clearing Member (CM) be required to choose only one Clearing Corporation (CC) as its primary clearing venue?

Answer: Yes, every Clearing Member (CM) shall be required to designate a Clearing Corporation (CC) for a business segment for all their Trading Members (TMs) for that business segment.

The CM can choose different CC as their designated CC for different business segments as the choice of designated CC for a CM is at CM-Segment level.

The Letter format for designating NSE Clearing Limited (NCL) as the designated CC by a CM has been provided in Annexure 1 of NCL circulars NCL/CD/40863, NCL/CMPT/40859 and NCL/CMPT/40855.

Question: Will the Custodians be allowed to keep membership at multiple CCs basis on their Custodial Participant's (CP's) preference?

Answer: Yes, the custodians will have a facility to specify a designated CC separately for each of their CPs as the choice of designated CC for a Custodian is at Custodian-CP-Segment level.

The Letter format for designating NCL as the designated CC by a CM/Custodian has been provided in Annexure 2 of NCL circulars NCL/CD/40863, NCL/CMPT/40859 and NCL/CMPT/40855.

Question: Can a CM maintain membership with more than one CC for a business segment?

Yes. A CM can maintain membership with more than one CC. However the CM can be active with only one CC per business segment at any point of time. The membership with oldCC would be a dormant membership and would be governed by the byelaws, rules, regulations and circulars of that CC.

Question: In case a TM is registered in more than one exchange, which TM Code shall be used while clearing in NCL?

Answer: For TMs who are members on multiple exchanges including NSE, the TM code at NSE shall be used as a unique code for the trades to be executed across exchanges. For TMs not registered with NSE, NCL shall intimate such TM with an identifier before implementation of interoperability.

While the members will use exchange specified codes when dealing with the exchanges; the reports and olddata received from NCL will be using the NSE Code (if member of NSE) or identifier (if not member of NSE).

Question: Will the CP codes and Client codes need to be unique across exchanges after the introduction of interoperability across CCs?

Answer: Yes. All CCs shall, before implementation of interoperability, ensure that the CP codes and client codes are unique.

The CP codes can also be used in SLB, OFS and Tender Offer etc.

Trading members shall ensure the use of the same client code (UCC) at all exchanges so as to get the benefit of netting.

Question: Whether NSE is planning to give CP codes for those clients wherein only BSE Codes are available currently. Presently for Indian Resident NSE codes are not available?

Answer: As per eligibility criteria, NCL is providing CP Codes to RI category

Question: Whether NSE Clearing will publish Clearing Corporation wise active CP code database files for both the exchanges?

Answer: Yes

Question: Will the members have to provide Board Resolution?

Answer: No.

2. Risk Management

Netting Framework

Question: If a member buys a scrip (Equity Segment) / contract (Derivatives Segment) in one Exchange and sells the same in another exchange, will there be net off of the position?

Answer: Yes, a client/CP/Proprietary trading through the same TM across exchanges (i.e. uses the same TM/CP/UCC code for trades executed across exchanges) shall receive the benefit of netting under such circumstances. The margins shall also be applied on such netted portfolio for the client/CP/Proprietary.

Question: Currently, margins are calculated on an individual client's portfolio level in a given segment for a particular exchange. What would constitute individual client's portfolio under the interoperability framework?

Answer: An individual client's/CP's portfolio would comprise of his net positions in securities across exchanges in the case of the Equity Cash Segment. Similarly, the portfolio would include his net positions in all the futures and options contracts across exchanges in the case of Equity Derivatives and Currency Derivatives segments.

Question: Which future and options contracts are eligible for netting?

Answer: Futures: The futures have to be the same underlying and same expiry

Options: The options have to be the same underlying, same type (Call/Put), same expiry and same strike.

Margining Framework

Question: What are the changes to margin methodology due to the introduction of interoperability between CCs?

Answer: There are no changes to the margin methodology due to the introduction of interoperability between CCs.

Question: Will CCPs levy a new margin on the members under the new Interoperable Framework?

Answer: No. There is no new margin being introduced specifically for Interoperability.

Question: Will the margining methodology remain constant across the interoperable CCs?

Answer: All CCs will at a minimum, adopt the risk management framework as prescribed by SEBI.

Question: Will the SPAN File Format change?

Answer: No. There will be no change in the SPAN file format. The SPAN file shall contain both NSE/BSE exclusive contracts and NSE/BSE Common contracts.

Question: Will Value at Risk (“VaR”)- Extreme Loss Margin (“ELM”) format change?

Answer: No, There will be no change in the format. The file shall contain:

NSE Exclusive Scrips VaR and ELM – As per current VaR File without any change

NSE/BSE Common Scrips VaR and ELM - As per current VaR File without any change

BSE Exclusive Scrips VaR and ELM – Will be added to VaR File with NCL nomenclature.

Question: How will the BSE scrips/contracts be incorporated in the NCL VaR-ELM, SPAN-Extreme Loss Margin Files?

Answer: For common scrips and contracts, there shall be no change. Only for scrips and contracts exclusively traded in BSE, NCL shall include them in the file with NCL specific nomenclature (Symbol/Series).

Question: Will NCL provide the VaR margin grouping for BSE exclusive scrips?

Answer: Yes. NCL will categorize the BSE exclusive scrips into Group I, Group II or Group III as per the current methodology. The consolidated file including will be published on the website as per current operating procedure.

Question: Will there be a separate VaR/SPAN/ELM file for each exchange?

Answer: No.

Question: Will NCL block margin from members for BSE trades on a real time basis or end of day basis?

Answer: NCL will compute and block margin on a real time basis by adjusting against available common collateral limits of Clearing Members.

Question: Will a Clearing Member be required to earmark collateral deposited with NCL separately for each exchange with NCL?

Answer: No, the Clearing Member won't be required to earmark collateral separately for each exchange. A Clearing member will have to deposit eligible collateral as a common pool with NCL for trades across exchanges

Question: Will a Clearing Member be required to provide separate TM Margin Limits for each exchange, to its Trading Members?

Answer: No, CM shall set a single TM limit for a specific segment. That limit shall be applicable for carrying out trades on any exchange.

Question: If a investor buys a near month contract of an underlying in one exchange and sell a far month contract of the same underlying in another exchange, will the investor get calendar spread margin benefit?

Answer: Yes.

Question: Will cross-margin benefits be available for positions created in multiple exchanges for a Client/CP/Proprietary?

Answer: Cross margin benefits shall also be provided on the netted position too subject to the condition that both Cash and derivatives positions for the applicable Client/CP/Proprietary are cleared through the same clearing corporation.

Question: If an investor buy a scrip/derivatives contract in one exchange and then sell it in another exchange, will they be charged Crystallised Loss Margin?

Answer: Yes. Crystallised Loss Margin shall be to the extent of offsetting position.

Question: Will an investor get Net option Value (“NOV”) benefit for buy open position in one exchange and sell open position in an old exchange?

Answer: Yes, all margining will be performed on a netted basis (across exchanges).

Question: In the presence of multiple prices available in multiple exchanges for common securities, what will be the source of prices for computation of risk parameters?

Answer: Prices from the most liquid exchange for a particular security shall be considered. The most liquid exchange per security shall be determined on a monthly basis and shall be published on the website.

Question: Will there be any changes to the margin reporting file currently downloaded in extranet?

Answer: No, there shall be no changes to the margin reporting file. However, the margins provided in the margin reporting files shall be on the combined netted positions of a client/CP/Proprietary on a specific contract across the exchanges. Margin file shall be provided by the designated CC of the CM of the TM

Question: Will NCL provide Close-out facility to a Clearing on behalf of Trading Member across all the exchanges?

Answer: Yes, such a facility shall be available to the CM similar to the currently available system.

Question: Is there a change in the Risk Reduction Mode threshold level?

Answer: Yes, The entry and exit threshold are detailed below:

Both CMs and TMs shall be put in Risk Reduction Mode at 85% collateral utilization & moved back to normal mode when utilization goes below 80%.

Position Limit Monitoring

Question: Is there any change to the Open Interest monitoring for TM and Client/CP?

Answer: Open Interest monitoring shall remain the same for TM, Client/CP.

Core SGF and Default Waterfall

Question: Will members be required to contribution to Core SGF post interoperability?

Answer: No, currently there is no change to the existing contribution criteria.

Question: Will Clearing Corporations contribute to each other's Core SGF?

Answer: No.

3. Collaterals

Question: Will the collateral be maintained exchange-wise and/or segment-wise?

Answer: The collateral will be maintained segment-wise. Collateral will not be identified exchange-wise and the collateral provided in a segment can be used for meeting margin obligation in that segment on any exchange. For example, collateral provided to NCL earmarked for cash market segment will be considered towards the margin requirement on account of trades done in NSE-Cash, BSE-Cash and MSEI-Cash.

Question: Will there be any changes to the collaterals accepted and the limits and haircuts currently applicable due to the introduction of interoperability across CCs?

Answer: The collaterals accepted and the limits and haircuts applicable in NCL shall be as per the current criteria followed in NCL. There may not be uniformity in these criteria across the CCs and members have to comply with these criteria as per their designated CC.

Question: How will the transfer of cash collateral happen from old CC to NCL?

Answer: CM has to release cash collateral from old CCs by providing a request and then transfer the amount to the account maintained with NCL.

Next, the CM will request for addition of cash to their collateral using Collateral Interface for Member (CIM).

Question: How the transfer of Bank Fixed Deposit Receipts (FDR) collateral deposit will happen from old CCs to NCL?

Answer: CM shall provide FDR release request to the old CC, the old CC shall release the FDR to the CM and release the lien marked on the collateral.

CM shall approach the issuing bank and request to change the lien to NCL. CM shall add this FDR to their NCL Collateral as per the existing operating procedure

Question: How the transfer of Bank Guarantee (BG) collateral deposit will happen from old CCs to NCL?

Answer: CM shall provide BG release request to the old CC, the old CC shall release the BG to the CM.

CM shall approach the issuing bank and provide instruction for issuance of BG to NCL.

CM shall add this BG to their NCL Collateral as per the existing operating procedure.

4. Clearing

Question: Will NCL clear trades on stocks not traded at NSE?

Answer: Yes, NCL will clear trades on such stocks too. The obligation shall be cleared by NCL regardless of the exchanges where they are traded.

Question: What will be the procedure for arriving at the daily and final settlement price under interoperability across CCs?

Answer: NCL shall compute the daily and final settlement price based on the last 30 minutes Volume Weighted Average Price (VWAP) across exchanges and equity derivatives segment. There is no change to the final settlement price i.e. RBI reference rates for currency futures and currency options while the last 30 minutes VWAP across exchanges will be used as a daily settlement price. Consider the following example:

Exchange	Qty Traded in Last 30 Minutes	Closing Price
Exchange-1	2000	100.1
Exchange-2	500	100.0
Exchange-3	50	100.5

The VWAP price will be

$$VWAP = \frac{2000 \times 100.1 + 500 \times 100.0 + 50 \times 100.5}{2000 + 500 + 50} = 100.09$$

Question: Currently, different CCs have different Obligation Transfer Request (OTR) confirmation cut-off time, after interoperability is implemented, what will be the cut-off time for OTR at NCL?

Answer: NCL shall continue to follow the current cut-off time and old practices for OTR.

Question: How will the OTR allocation and confirmation process be handled under the interoperability framework?

Answer: The trades executed on exchanges will be available for allocation and confirmation on the respective CCs currently providing clearing and settlement as per the interim model and not by the designated CC. However, the margining, obligation and settlement shall be undertaken by the designated CC.

Additional information is available in Annexure 4 of NCL circular reference number: NCL/CMPT/40855

5. Settlement

Question: Will there be any changes to the settlement schedule?

Answer: No, the schedule shall continue to remain same as per the existing timeline and procedure after the introduction of interoperability.

Question: Which exchange shall be selected by NCL for the purpose of conducting auctions?

Answer: NCL may conduct the auction on the exchange where the security is traded, if the scrip is commonly traded in all exchanges then it will be auctioned in NSE.

Question: Will there be any changes to the procedure for providing Early Payin (EPI) of Securities or funds?

Answer: There will be no changes to the procedure for EPI. Members shall perform EPI for any trade which is settled in NCL irrespective of the exchange where the trade was

performed. The Settlement Type and Settlement number for early pay-in shall be as per settlement calendar issued by NCL.

Question: How will the different symbols, contract descriptors be addressed under interoperability?

Answer: NCL will provide a report containing the mapping of security/contract identifiers/symbols referring to products traded across exchanges with the identifiers to be used by NCL in its systems and reports irrespective of the exchanges where the trades originated from. Please refer to NCL circular NCL/CD/40924 for format of applicable symbol in Cash market.

NCL will continue to use its current contract descriptors [Instrument type, Symbol, Expiry Date, Strike Price, Option Type and CRA level] for derivatives and map the contract descriptor of contracts at various exchanges into this structure.

Question: Shall the settlement numbers be uniform across exchanges once interoperability of CC is in place?

Answer: There will be no changes to the existing settlement numbers which are not uniform across CCs.

Question: With regards to Non Settlement related payment, will NCL commingle such payments with the settlement obligations of a CM?

Answer: No, Non Settlement related payment shall not be commingled with settlement obligations and will not be guaranteed by NCL. NCL shall not have any responsibility whatsoever in respect of these payments or any disputes related thereto.

For more information on Non Settlement related Payment, kindly refer NCL circular Ref. No. NCL/CMPT/40991.

Question: Whether Custodian will deliver stock in BSE settlement no. or in NSE Settlement no. of their TM pool account for DvP obligations settled in NCL where the trades occurred at BSE?

Answer: If the Custodians provide securities in the pool account and settlement number of the old CC, then the broker will need to do an inter pool settlement transfer. Either this can be done by the broker or the custodian may build a mechanism to

identify the designated CC of the broker and provide securities in appropriate account and settlement account number.

6. Exchange Compliance

Question: How will Client financial ledgers be maintained in view of the interoperability?

Answer: 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 old Segments/products which are not part of interoperability of CCs, Members shall continue to follow the existing practice.

Question: Will the format of Common contract note change?

Answer: 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.

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

Answer: 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.

Question: Will the reporting under Margin Trading (MTF) change due to interoperability?

Answer: 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 an old Exchange.

Question: How will Register of securities (ROS) be maintained in view of the interoperability?

Answer: 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.

Question: Whether, after interoperability, NRIs can buy/sell on one Exchange and square up on old Exchange(s) on the same trading day?

Answer: 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 old Exchange(s) on the same trading day and ensure that such NRI Investor takes delivery of shares purchased and give delivery of shares sold.

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

Answer: 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.

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

Answer: 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 old exchange unless registered to trade on that exchange.

7. Miscellaneous

Question: Will there be any changes in charges after the introduction of interoperability?

Answer: No, there shall be no changes in the charges. Currently, NCL does not charge the members and the same shall be continued under interoperability.

Question: Will there be any changes to the reports at NCL?

Answer: Some of the reports currently provided by NSE Clearing Ltd. will undergo a change. Further, some of the reports will be provided exchange-wise. In case of exchange-wise reports, the nomenclature of the report will be changed to <Report Name>_<Exchange Code>. (E.g. in case of TR01 report, the reports for NSE, BSE and MSEI will be provided in separate files with the nomenclature as TR01_NSE, TR01_BSE, TR01_MSEI respectively.)

The list of reports are provided in Annexure 5 of NCL circulars NCL/CD/40863, NCL/CMPT/40859 and NCL/CMPT/40855.

Question: Will there be any changes to the existing agreements entered between participants and CCs?

Answer: Letters/deeds already issued for collateral shall continue. Any new letters/deeds issued after implementation shall undergo change in format. CM-TM agreement, CM-CP agreement already entered into shall remain valid, however existing agreements to avail cross margin benefit shall be amended.

For more information, kindly refer to NCL circular reference number NCL/CD/40909, NCL/CMPT/40910 and NCL/CMPT/40911.

Question: Prior to go-live, Collaterals (BG, FD, Stocks) of Cash Market lying individually with ICCL & NCL, how the risk will be managed for Cash Market Trading position of 30th & 31st May 2019 as both these settlements will be settled on 3rd & 4th June 2019?

Answer: The Clearing and Settlement process for Trades executed on 30th and 31st May 2019 will not change and so with the risk management as well. Accordingly the settlement and risk management will happen with existing CC.

Question: Physical Delivery handling in F&O under interoperability

Answer: Obligation at CC will be computed based on trades executed across exchanges and the clearing and settlement process of the CC shall remain same.

Question: Can a trading member associate with different Clearing Member for a segment

Answer: No a trading member has to select one clearing member for a segment. Accordingly the following actions are advised

Scenario	Clearing Member in Exchange 1	Clearing Member in Exchange 2	Action
1	PCM 1	PCM 1	No Action
2	PCM 1	PCM 2	One PCM to be selected for Both Exchange before May 29
3	PCM 1	SCM	1. TM to either select CM1 for Exchange 2 or Select SCM for Exchange 1 to be applicable from June 03 2019. 2. If SCM is chosen then SCM needs to select one Clearing Corporation (CC) as Designated CC by May 25 2019

4	SCM	PCM 2	1. TM to either select CM 2 for Exchange 1 or Select SCM for Exchange 2 to be applicable from June 03 2019 2. If SCM is chosen then SCM needs to select one Clearing Corporation as Designated CC by May 25 2019
5	SCM	SCM	SCM to select one Clearing Corporation as Designated CC by May 25 2019

Question: How the transfer of cash collateral deposit will happen from one CC to another?

Answer: Member will approach Old CC for releasing Cash Collateral.

Post release of the said deposit by Old CC, the Clearing Member can transfer cash collateral with NSE Clearing through CIM (Collateral Interface for members) provided by NCL to the Clearing members and Clearing Banks, as per the existing process).

Question: How the transfer of Bank Fixed Deposit Receipts (FDR's) collateral deposit will happen from one CC to another?

Answer: Member will send FDR release request to old CC. Old CC will release FDR and lien on such FDRs. Post release of the said deposit from Old CC, Member will approach the concerned bank and provide instructions for shifting of lien from Old CC to NCL.

Question: How the transfer of Bank Guarantee (BG) collateral deposit will happen from one CC to another?

Answer: Member will send BG release request to Old CC will release the BG.

Post release of the said BG by Old CC, the member will approach the concerned bank and provide instructions for issuance of BG in favour of NCL.

Question: Will there be a position portability in Equity derivatives & Currency derivatives under the Interoperability framework?

Answer: Yes. Depending upon the consent provided by the clearing members for the designated CC in Equity derivatives & Currency derivatives segment, the open positions of the clearing member will be transferred from the Old CC to the new CC.

The settlement obligations determined prior to the effective date will be settled with the old CC.

Assuming a clearing member wishes to transfer its positions from Old CC to NCL in Equity or Currency derivatives segment as the member has designated NCL as the designated CC for the respective segment.

In such a case;

- Clearing member will approach Old CC and request for change in affiliation.
- Approval from disaffiliating from Old CC
- Approval from affiliating from NCL
- NCL will coordinate with Old CC for position portability of the respective CM.
- Clearing member will approach Old CC for release of collateral deposits.
- Post release confirmation from Old CC, member will deposit the collaterals with NCL for margin/settlement obligations

8. Impact of circular dated May 28, 2019 on Intimation regarding date of operationalization of interoperability through the Designated Clearing Corporation

Question: What will be the changes for members who are yet to operationalize Interoperability?

Interoperability: Changes till operationalization

The Clearing Corporations will be interoperable from June 3, 2019 onwards. The members have provided with a choice to notify the date of operationalization of interoperability as per the circular dated May 28, 2019.

However, since the CCs will become interoperable, there will be minimal changes for members who are yet to operationalize interoperability.

Change	Details
Client/CP code modification	Client code modification through trading system and CP code modification through NCMS.
Additional data in files (No change in structure but additional content)	Risk parameter files in all segments.
Daily/final settlement and MTM prices	Will be based on VWAP across exchanges as notified in interoperability circular.

Facilitation of CP trade confirmation

The trade.txt (for CM, FO and CD segments) and giveup.txt (for FO and CD segments) files will be available on NOTIS (only NSE trades) and on NCMS (trades of all exchanges). The files available on NCMS will contain the exchange code field as specified in the circulars issued.

For file upload in NCMS for confirmation of CP trades, both formats (i.e. with or without the exchange code) will be acceptable. In case the exchange code field is not provided, it will be assumed to be NSE.

Facilitation for handling changes in nomenclature

In accordance with the earlier circulars there will be a change in the name of the files mentioned below (No change in the structure or content; Exchange identification “NSE” will be provided in the name of the file). In order to facilitate members who are yet to implement interoperability, the files pertaining to NSE will be provided both with and without the exchange identifier in the file nomenclature. (The files without exchange identifier will be in accordance with the current nomenclature and will contain NSE data.)

List of files:

CM Segment:

- Security Master (SEC)
 - Custodian Trades Report (CUSTRD)
 - Order Confirmation Report for custodian (ORDC)
 - Trades Report (TRD)
 - Securities Transaction Tax Report (MWST)
- FO and CD Segment
- Contracts Report (CN01)
 - Trades Report (TR01, TR02)
 - STT files (STT01, STT02, STT03, STT04) [FO only]

Question – Will there be any changes in Position Limits in F&O and CD Segments

1. Will there be any change in the position limits applicable at various levels (such as client, TM, FPI etc.) under interoperability?

There shall be no change in the applicable position limits after implementation of interoperability and the position limits will be continued to be applicable at each exchange.

2. Will the monitoring of positions be done on the basis of net positions across exchanges or exchange-wise positions?

The net positions across exchanges will be considered for position limit monitoring.

3. How will the limits be monitored?

The outstanding net positions will be allocated to one or more exchanges in the following manner:

- The overall net position (long/short) in each contract will be identified by the CC.
- The exchange wise net position (long/short) will also be identified by the CC.
- The overall net position shall be allocated pro rata to the exchanges which have the same side (long/short) of the position.

Consider the following example:

	Long	Short	Net Position
Exchange 1	300	100	200 Long
Exchange 2	150	50	100 Long
Exchange 3	40	100	60 Short
Overall Net			240 Long

- The net position will be allocated pro-rata to exchanges having the same side position (long). In the case, the net position gets assigned as follows:

	Position
Net Position	240 Long
Exchange-1	160 Long $[240 \times 200 / (200 + 100)]$
Exchange-2	80 Long $[240 \times 100 / (200 + 100)]$

- The above procedure to monitor the limits shall done at End of Day

4. What limits will be the net positions allocated exchange-wise be assessed against?

The net positions allocated exchange-wise shall be monitored against the exchange-wise position limits calculated as per existing practice.

5. Will there be any change in the method of arriving at overall positions in an underlying across contracts in equity and currency derivatives, and for various entities (client, TM, FPI etc.)?

There shall be no change from the existing practice of the manner of aggregating positions at underlying across contracts for any segment or type of entity.

-----End-----