# FAQ on Early Pay-In of Securities

**Disclaimer:**

Non-Confidential

## 1. What are various ways of doing early pay-in?

Ans: Early pay-in can be done by way of Pool or block mechanism.

## 2. What is procedure of early pay-in by way of pool?

Ans: In this method of early pay-in of securities, shares are transferred from client demat account to pool account of associated clearing member. Clearing member can mark early pay-in from their pool account for benefiting respective eligible clients, accordingly securities/shares would be blocked from CM's pool account. In this mechanism no client action is required only members/custody shall act upon… Since pool account mechanism does not have client specific details, Depositories provide details of such early pay-in to clearing corporation without client code. however, DP provides details like Market type, settlement number, clearing member code, ISIN and quantity.

Clearing member can upload & Allocate the CLTNEPI file to get the benefit for specific client.

## 3. Where do we find the format of CLNTEPI file?

Ans: Please refer 'Format for Client level early pay-in files for securities 'specified in NCL/CMPT/67751 Part C.

## 4. How to know if CLNTEPI is success or failed?

And: Check the response file, the naming convention for success files will be: <XXXXX>_CLNTEPI_YYYYMMDD.S01,02…and the response file will be downloaded to the members in CEP directory. The response file with extension 'Snn', Further each record will have success (S0 or Reject (R) appended to it each record. It is advised that member open each success file to check if any record in the file is rejected.

If all records of EPI file have got rejected member will get <XXXXX>_CLNTEPI_YYYYMMDD.R01,02… file.

## 5. What is the major reason of error of a record in CLNTEPI file?

Ans: A record in CLNTEPI file may be rejected if settlement type, settlement number, Delivery type, TM code and symbol has invalid values. The value of delivery type should always be N. The security symbol used by members shall be as provided in Applicable symbol file downloaded to common folder on Member Portal/ Cm/Extranet_dnld.

6. **What is the standard timeline for response file post upload of CLNTEPI file?**

   Ans: Member will get response file after 30 minutes. Member will not get response of EPI file if there is format error in file, such as extra spaces after last record or junk character or space is header or any detailed record. If response of CLNTEPI file is not received in 30 min, please write mail to **securities_ops@nsccl.co.in**

7. **If member wants to reduce allocation of securities to client A and reallocate the same to client B. How does member can do the modification?**

   Ans: Member needs to reupload the allocation with revised allocation for client A and B. However, if member wants to remove the allocation provided to client A completely, please specify quantity as '0' for client A.

8. **What is procedure of early pay-in by way of block mechanism?**

Ans: In this method of early pay-in, securities do not move out of client demat account but are blocked in client demat account in favour of clearing corporation. Depositories provide details of such early pay-in to clearing corporation with Market type, settlement number, clearing member code, Trading member code, client code, ISIN and quantity. Based on information CC allocates the EPI to specific security symbol corresponding to ISIN, as per the obligation.

9. **Which exchange code needs to be mentioned while doing early pay-in by way of block mechanism?**

Ans: If a member and client is registered in both NSE and BSE, member shall specify exchange code as NSE and if member and client is registered only in BSE, member shall specify exchange code as BSE.

**10. We are facing error in depository system 'UCC does not exist'. What should be done?**

Ans: Please connect with UCI teams of exchange/ depositories to ensure that UCC details are duly reported to depository to see UCC in demat account of the client.

**11. How to check if EPI is processed and margin benefit is provided?**

Answer: Member shall check CEP file and refer record type 20 for the specific client and security. The last column of record type 20 is EPI allocated. If EPI allocated is 0 or if the record is not present for the client security is still not received or allocated.

Alternatively, member can check early pay-in benefit in NMASS>Dashboard>EPI >EPI Exception.

If member is unable to view the EPI in CEP file or benefit in NMASS, epi might be rejected due to invalid values. Members can check exception reason in EPI exception report under EPI menu in NMASS (refer circular NCL/CMPT/65722).

**12. Can I do EPI on T-1 day?**

Answer: Yes. Please specify the execution day in depository terminals as T-1 so that depositories send the EPI to CC on T-1 and CC can process it on T-1. If execution date is specified as T Day, the EPI will flow to CC at 8:00 am on T Day.

**13. I have done block mechanism EPI in a security; however, I see the EPI allocated to EQ series. How do I change EPI allocation to BL series?**

Ans: If a member has placed block mechanism EPI EQ and has not done a BL trade yet, Member must send mail to risk_ops@nsccl.co.in to change the EPI allocated from EQ to BL then CC will change EQ to BL. Such request shall be sent before

8:00 am. If member has already done trade once block window and has subsequently placed block mechanism EPI, the early pay-in gets allocated to BL series in due course of time.

If member has done pool mechanism EPI, member needs to upload CLNETPI file with allocation of EPI to client in BL series.

**14. Whether EPI provided by pool mechanism will get reversed at end of day?**

And: Excess pool early pay-in is reversed by clearing corporation on request basis. Please mail request for reversal by 9:00 pm to securities_ops@nsccl.co.in.

**15. What is procedure of reversal of block mechanism EPI?**

Ans: Early pay-in done by way of block mechanism is matched by clearing corporation against obligation at the end of the day. Any excess epi over obligation is reversed by epi. If member has done epi in incorrect market type the same will be reversed at end of day.

**16. We have done early pay-in with future settlement number. How do we get the epi reversed?**

Ans: Members should check EPI Exception report in NMASS. In case any early pay-in is found in exception report members shall write to securities_ops@nsccl.co.in for reversal of such epi. Members are required to ensure that no errors are made while placing early pay-in request. The request shall be processed on the best effort basis.

**17. We have done early pay-in with future settlement numbers incorrectly. How will the EPI be reversed?**

Answer: Such epi will not be considered for end of day epi reversal process and will be considered for reversal on respective trade date only. For reversal of such epi members shall write to securities_ops@nsccl.co.in for reversal of such epi. Members are required to ensure that no errors are made while placing early pay-in request. Such epi reversal request shall be processed on best effort basis.

**18. What report to refer to check reversal of EPI?**

Ans: For Normal market members should refer following EPI allocation and reversal file provided by CC Delivery_NCL_CM_EquityT1_CM_12345_YYYYMMDD_P_0000.csv. Trading members clearing with other clearing members shall refer to Delivery_NCL_CM_EquityT1_TM_12345_YYYYMMDD_P_0000.csv file. Similar reports are provided for EquityT0 and Auction market.

**19. Whether clients registered with SEBI registered custodian do block mechanism?**

Ans: Yes. Depositories have provided optional facility to clients registered with SEBI registered custodian do block mechanism. Such clients can do epi using existing pool mechanism also.

**20. We cannot view the early pay-in benefit. What is the reason?**
   a. Error in CLNTEPI file for pool EPI. Rectify the file and reupload with proper batch number.
   b. Invalid values of clearing member, Trading member, ISIN or exchange code in epi instruction by member/client
   c. Instead of early-pay-in, member/ client has done pay-in instruction. If instruction is not early pay-in the same will not flow to clearing corporation

**21. We had done early pay-in the benefit of same was provided by CC but the epi was reversed at the end of the day. Why?**

**Ans:** Depositories may reverse the EPI in their end of day matching process. Members need to have a process in place to monitor epi reversals if any on EOD basis. Any such instance should to be highlighted to CC/ Depositories well before pay-in deadlines.

**22. What is the deadline of doing early pay-in of securities for various market/ products?**

| Capital market Normal T+0 | 1:45 pm |
|---|---|
| Capital market T+1 (provisional margin) | 6:30 pm |
| Capital market T+1 ASBA registered | 8:00 pm |
| Capital market T+1 (Final margin) | 9:00 pm |
| Securities lending and borrowing scheme | 6:00 pm |

## 23. We could not report the early pay-in by 9:00 pm of reporting allocation? How should we do the allocation reporting for the same?

Ans: As per circular NCL/CMPT/56494, value of securities sold for which EPI has been done by end by the members, they shall have an opportunity to report amount of client collateral available against such segment wise short allocation with reason code '02

## 24. We could not report the early-pay-in by 9:00 pm and we have not got the benefit of early pay-in in CEP file. Whether we can report the early pay-in for client margin reporting?

Ans: Any early pay-in done in depository system before end of day can be considered for margin reporting/ segregation reports. Members may please take note of clarity provided in exchange circular NSE/INSP/57112 dated June 14, 2023, whereby securities marked as early pay-in in the depository system on the trading day would be considered for margin reporting.

## 25. Can we do early pay-in by way of block mechanism in SLB?

Ans: Early payin by way of block mechanism is applicable for SLB first leg and SLB reverse leg Auction. Apart from this block mechanism is applicable for Normal, Trade for Trade, ITP auction and T+0 markets. For doing early pay-in for SLB reverse leg please refer procedure specified SLB consolidated circular NCL/CMPT/67763 Part C point 10 "Procedure for Early pay-in of securities for Reverse Leg"

## 26. Can We do early pay-in for SLB reverse leg from NSDL or CDSL using block or pool mechanism?

**And:** Members can do the early pay-in for SLB reverse leg from NSDL or CDSL using block or pool mechanism however in such case margin benefit is not available. To avail margin benefit member, need to complete SLB reverse leg pay-in by 5:00 pm on reverse leg-1 day as per procedure specified in NCL/CMPT/67763 Part C point 10 "Procedure for Early pay-in of securities for Reverse Leg"

27. **We have done early pay-in of securities in SLB first leg. We have done lending in near month and far month series but the benefit of early pay-in is provided with a delay.**

Ans: If member has not done any trade the entire early pay-in is allocated to near month series. As member starts trading in another series (far month) EPI benefit is allocated to far month based on obligation of member. However, if member has already traded in a specific series (far month) and early pay-in is provided subsequently the entire epi including excess epi is allocated to series (far month)) as per open obligation. There after if trades are placed in another series (near month), EPI is allocated to near month open obligation subsequently. Members need to maintain sufficient collateral to cover margin requirement till EPI is allocated to series as per open obligation.

28. **What is the procedure of early pay-in of security in SLB reverse leg Auction buy-in?**

Ans: Member have to do early pay-in either by way of block mechanism or pool mechanism using clearing member pool account in NSDL depository only.