

## Frequently Asked Questions – T+0 Settlement Mechanism

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## Frequently Asked Questions – T+0 Settlement Mechanism

**1. Where do we get list of securities eligible for clearing and settlement with NCL?**

Answer: The Securities eligible for T+0 shall be provided in NCL\_APPLICABLE\_SYMBOL\_DDMMYYYY.csv with settlement flag as '0'.

**2. What is the Settlement type and depository market type of T+0 security?**

Answer: The Settlement type for T+0 shall be '5'. The Market type for NSDL shall be 55 and for CDSL shall be 33.

**3. Where can we get information of settlement calendar for T+0 security?**

Answer: Answer: NCL shall incorporate settlement calendar of T+0 (settlement type 5) in monthly settlement calendar circular. The settlement calendar for T+0 shall be part of STC report downloaded to members. The settlement calendar for T+0 shall be available on respective depositories also.

**4. Who can participate in in T+0 settlement**

Answer: All investors are eligible to participate in the segment for T+0 settlement cycle.

**5. Can trades be executed with code 'INST'.**

Answer: No. Trades can not be executed with code 'INST' as there is no OTR functionality in T+0 settlement mechanism.

**6. What is 'family Account CP code'?**

Answer: Custodians may apply for the common CP code for a 'Family accounts' of the clients for T+0 settlement purpose. Details of the family constituents will be maintained by Custodians.

**7. Can Family account CP code be used for T+1 settlement transactions?**

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Answer: No. Participants shall ensure that CP code issued for family accounts must be used exclusively only while placing orders for T+0 settlement. Family accounts shall not be used for T+1 settlement

**8. What is mechanism and timeline for Early Pay-in of Securities? Is there a separate cut-off of for EPI of securities for UPI client?**

Answer: The pay-in for T+0 has to be provided only in from of early pay-in using block mechanism, for non-custodian trades. The cut off for EPI of Security at depositories shall be 1:45 pm on T Day. This includes EPI for UPI as well as non UPI clients and Custodians. For custodial trades, custodian can do early pay-in till 1:45 pm. Custodian shall be additionally required to upload file for allocation of early pay-in (CLNTEPI) of securities by 1:45 pm.

**9. What is the mechanism and timeline of pay-in of securities in T+0 security?**

Answer:

- i. For non-custodial transactions pay-in for T+0 sell obligations shall be allowed only by way of early pay-in using block mechanism by 1:45 pm.
- ii. For confirmed custodial transactions NCL shall upload auto delivery out instructions for the net deliverable obligations in custodian pool account. In case Auto-Do is not opted, custodians shall provide manual pay-in instructions for executing the securities pay-in by 3:30 pm.
- iii. For non-confirmed/ rejected custodial transactions, NCL shall provide AutoDo instructions for incremental security delivery obligation in member pool account. In case Auto-Do is not opted member shall provide manual pay-in instructions for executing the securities pay-in by 3:30 pm.

**10. What is cut-off of EPI/ pay-in of Funds?**

Answer:

- i. The cut-off of EPI of funds for non-UPI clients shall be 1.45 pm.
- ii. The cut-off for pay-in of funds by clearing member and custodians shall be 3:30 pm.
- iii. The cut-off for UPI client to create UPI block for funds pay-in shall be 1:45 pm.

**11. Whether excess epi of securities in T+0 be reversed by CC?**

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Answer: Any epi of securities in excess of net sell obligation at client level shall be reversed by CC. Separate report shall be provided with details of T+0.

**12. How will member come to know about the successful early pay-in done?**

Answer: After successful processing of EPI, member can view the same in EPI allocation report (CEP) or MARGIN menu in NMASS. Where member is not able to view EPI record in CEP file or in NMASS, member shall check if the same is appearing in EPI EXCEPTION tab under EPI menu in NMASS. EPI instructions with incorrect information such as Invalid ISIN, invalid TM code, invalid CM code, invalid settlement type etc are not processed by clearing corporation and displayed under 'EPI EXCEPTION'

**13. What reports shall be provided for T+0?**

Answer: Kindly refer Annexure B and Annexure C of NCL circular NCL/CMPT/61301.

**14. Whether obligation of T+0 netted with Obligation of F&O physical expiry on T Day?**

Answer: Obligation for T+0 will not be considered for netting with obligation of FO physical obligation on expiry days.

**15. Whether obligation of T+0 settlement will be netted with Obligation of T+1 settlement?**

Answer: Obligation for T+0 settlement will not be netted with obligation T+1 settlement.

**16. Where can member get margin rates of T+0 security?**

Answer: Margin applicable for Securities in T+1 market shall be applicable for T+0 market.

**17. Whether Auto Do and Direct payout to client facility is applicable for T+0?**

Answer:

- i. Auto Do facility shall not be applicable for T+0 settlement for non-custodial transactions as all the payin has to be done in the form of EPI. Member shall have facility to provide request for client direct pay-out for T+0 settlement.

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- ii. For custodian transactions, post custodian trade confirmation, CC shall upload auto delivery out instructions for the net deliverable obligations of the custodians before the pay-in cut off at depositories in respect of custodians that have opted for the facility. In case of any additional obligations of the clearing member on account of rejection/ non-confirmation of custodial transactions, auto delivery out instructions for such incremental net deliverable obligations for such clearing members only shall be uploaded to depositories.

Example 1-

- Net sell position of Proprietary obligation = 1000 shares
- Custodial Sell Rejection = 200 shares
- Revised obligation on account of custodian trade rejection= 1200 shares

Then

- Member is required to do EPI using block mechanism for its original obligation of 1000 quantity
- NCL shall provide Auto Do instruction in member pool for 200 quantities only.

Example 2-

- Net Buy position of Proprietary obligation = 1000 shares
- Custodial Sell Rejection = 2200 shares
- Revised obligation on account of custodian trade rejection= 1200 shares

Then

NCL shall provide Auto Do instruction in member pool for 1200 quantity.

**18. Is auction applicable for shortages in T+0 settlement? What is the action on shortages?**

Answer: Auction shall not be conducted in case of securities shortage. Security shortages shall be directly closed out at 10% above the highest price of the day across all exchanges for T+0 market.

Action on shortages will continue as per existing rules for cash market.

**19. Is shortage reporting applicable for T+0 settlement shortages?**

Answer: Yes, Shortage reporting has to be done under market type 05.

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**20. Is preferred depository facility available for T+0 settlement?**

Answer: Preferred depository facility is available for T+0 settlement similar to settlement in T+1 cycle.

**21. What is the cut-off for uploading client direct payout (CPD) files for T+0 settlement?**

Answer: Cut off for CPD upload is 3.00 pm.

**22. Is there any change in valuation of securities accepted as collateral?**

Answer: There is no change in the process for valuation of securities

**23. Will the margin rates for securities in T0 differ from that applicable in T1?**

Answer: No, it will be same

**24. Will the margin on trades in securities in T0 settlement be considered for intraday peak margin snapshot?**

Answer: Yes

**25. Does separate TM Charges file needs to be uploaded for T+0 settlement for clients marked for trading supported by blocked amount?**

Answer: If TM charges facility is opted for T+1 settlement then same shall be applicable for T+0 settlement also. TM charges for T+0 and T+1 settlement needs to be uploaded in same file by 6 PM. TM charges shall be settled to clearing members account on T+1 day.

**26. Do I get the cross-margining benefit in T+0 Settlement?**

Answer: The cross-margining benefit shall not be applicable for T+0 settlement scrips.

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