NCL - FAQ SETTLEMENT

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Q1. What is the settlement schedule for the various segments?

Ans.

Segment	Particulars	Series	Funds		Securities	
			Pay-In	Pay-Out	Pay-In	Pay-Out
Capital Market Segment	Normal Rolling (T+1)	M	T+1 11:00	T+1 13:30	T+1 11:00	T+1 15:30
	Normal Auction (T+1 Rolling)	A	A+1 13:30	A+1 13:30	A+1 08:00	A+1 10:00
	Trade for Trade (T+1)	Z	T+1 11:00	T+1 13:30	T+1 11:00	T+1 15:30
	ITP for SME (T+1)	B	T+1 11:00	T+1 13:30	T+1 11:00	T+1 15:30
	Normal Rolling (T+0)	5	T 15:30	T 16:30	T 15:30	T 16:30
Equity Derivatives Segment	Daily mark to market and premium settlement		T+1	T+1	NA	NA
	Final settlement of futures contracts and the final exercise settlements of options contracts					
	Delivery settlement of futures and options contracts (clubbed with the delivery obligations on the Capital Market Segment)		T+1 11:00	T+1 13:30	T+1 11:00	T+1 15:30
Currency Derivatives Segment	Daily mark to market and premium settlement		T+1	T+1	NA	NA

Non-Confidential

	Final settlement of currency futures and options contracts		E+2	E+2	NA	NA
	Final settlement of futures on 91 Day		E+1	E+1	NA	NA
	GOI T-bill , Cash settled Interest Rate Futures and options contracts on G-Sec and futures on overnight call rate					
Commodity Derivatives Segment	Daily mark to market and premium settlement					
	Tender period				T+1 11:00	
	Final settlement of commodities and funds		E+1 11:00		E+1 11:00	
	Supplementary settlement (Variances, Taxes, etc)					
Debt	Normal	I	11:00		11:00	
	Auction	2			09:30	
	Auction with Ready Leg T0				16:00	
	Auction with Ready Leg T1				A+1 10:00	
SLB	First Leg	L	T+1 08:00	T+1 11:30	T+1 08:00	T+1 10:00

	Reverse Leg	P		E 11:30	E 09:00	E 11:30
	Reverse Leg Auction	Q	E 14:00	E+1 11:30	E+1 09:00	E+1 11:30
MFSS	HLIQUID (Historical NAV for subscriptions)	K	T 13:00	NA	T Day	NA
	Subscriptions (Normal)	S	T 14:30	NA	T+1 Day	NA
	Normal (NFO)	S	T 15:00	NA	NA	Unit settlement is done directly by AMC to Investor
	Liquid Subscriptions	K				
	Redemption (Normal)	U	T+1 to T+8	NA	T 16:30	NA

<u>OFS</u>

Settlement Type	**Series (Category)**	**Order Date**	**Custodial Confirmation Date**	**Confirmation Time**	**Settlement Date**
H	IS (Non Retail	T Day	T Day	15:30	T+1
T	IS (Non Retail	T Day	T +1 Day	7:30	T+1
H	RS (Retail)	T Day	NA	NA	T+1
H	IS (Non Retail	T Day	T Day	15:30	T+1
T	IS (Non Retail	T Day	T+1 Day	7:30	T+1

The settlement ming for OFS settlements shall be as follows:

Activity	**Day/Timings**

Funds Pay-in	T+1 Day by 11:00
Securities & Funds Pay-out	T+1 Day by 13:30

Q2. What is the deadline for disbursal of pay-out of funds and securities by a CM?

Ans. Pay-out of funds and securities to the clients shall be effected within one working day of the pay-out day.

Q3. Can the securities received from NCL in pay-out be retained in the Pool Account?

Ans. Securities lying in the pool account beyond the one day period shall not be eligible for delivery in subsequent settlement(s), for pledging or for stock lending and can only be transferred to the client's demat account. The depository shall levy a penalty of 6 bps per week on value of securities lying in the Pool Account beyond the stipulated period.

Q4. What are the conditions for netting of delivery obligations permitted across Capital Market and Equity Derivatives Segments?

Ans. The UCC > TM > CM > CC combination should be the same across both the Segments for the facility to be provided. Hence, (i) if the Member is a SCM in the Capital Market Segment and is using the services of another CM for the Equity Derivatives Segment, the delivery obligations shall not be netted off (ii) if the CM has appointed separate CCs for the Capital Market and Equity Derivatives Segments, the delivery obligations shall not be netted off.

Q5. Which category of investors is netting off of delivery obligations not available to?

Ans. Netting off of delivery obligations is not available to Institutional Investors and to investors / clients / Participants who have been mandatorily directed to enter into delivery backed transactions only, e.g. Portfolio Managers - PMS.

Q6. Does any benefit in Securities Transaction Tax and Stamp Duty accrue in the netting of delivery obligations?

Ans. Netting of delivery obligations shall be only for the purpose of settlement. Securities Transaction Tax and Stamp Duty shall continue to be computed, levied and reported on a segment wise level.

Q7. Which positions are Auctioned?

Ans. Failure of the seller to deliver securities and internal shortages submitted by the CM shall result in a buy-in auction. Auction shall be conducted on S day, "S" being the Settlement Day. In case of multiple settlements conducted on the same day, the auction session for the first settlement shall be conducted on the same day and settled on the next day. The auction for the second settlement shall be conducted on the next day along with the shortages/auction of that day. The settlement of the Auction Session shall happen on the subsequent day. There shall be no auction for securities belonging to trade for trade, block deal, securities under corporate action and for securities under T+0 settlement, shortages shall directly go for close-out.

Q8. How are internal shortages to be handled?

Ans. Internal shortages are identified by clearing corporation. Members are required to ensure that they do gross pay-in to clearing corporation and do not route payout to receiving clients on their own. Internal shortage is computed as difference of gross sell obligation vis a vis pay-in received at a clearing member level. A facilitation fee of 1% of the value of securities, considering the price of security on day prior to auction, shall be levied. The fee and GST thereon shall be collected from the CM by NCL on a monthly basis.

Q9. How is the Valuation Price determined?

Ans. The valuation price shall be 120% of settlement price of such securities, on the immediate trading day preceding the payin day for the securities. The settlement price shall be based on the last 30 minutes volume weighted average price across Exchanges.

Q10. When is a position Closed-Out?

Ans. Failure of the seller to deliver securities shall result in buy-in auction for the shares by Clearing Corporation. In case the outstanding position has not been filled in or settled in the Auction Session, it shall be closed-out. Additionally, shortages in the 'Block trades' – BL window, the Trade-for-trade Surveillance (TFT-S) deals, shortages in the SME Segment, securities under corporate action, securities for which trading has been discontinued, security deleted from trading on account of payment of additional call money or on account of Redemption or on account of merger / amalgamation / hive off / scheme of restructuring and shortages for securities under T+0 settlement shall be closed-out.

Q11. What is the computation for the Close-out in the case of failure to give delivery for Normal Market of the Capital Market Segment?

Ans. Close out shall be at the highest price prevailing across the Exchanges from the day of trading till the auction day or 20% above the settlement price on the auction day, whichever is higher.

Q12. What will be the implications of the rejection of an institutional trade by a Custodian?

Ans. An Institutional trade rejected by the Custodian for settlement shall devolve on the TM for settlement on a Delivery-Versus-Payment (DVP) basis. While margin may not be imposed, penalties may be applicable. A non-Institutional trade rejected by the Custodian shall attract both margins and penalties.

Q13. Is there a No Delivery Period for scrips going into Corporate Action?

Ans. Since all scrips are compulsorily being traded in demat mode, the ‘no-delivery period’ for all types of corporate actions has been done away with.

Q14. Can funds obligations be settled in Cash?

Ans. Cash shall not be accepted from the clients, whether against obligations or as margin for purchase of securities, and neither shall sale proceeds be settled in Cash. All payments shall be received and made in electronic mode through RBI permitted channels. Only in case of bounced transfer out instructions, cheques or demand draft will be issued in the favour of the client.

Q15. Can delivery obligations be accepted in physical form and / or through parties other than the client?

Ans. Giving or taking delivery of securities shall only be in demat form, directly to or from the beneficiary account of the client, other than delivery of securities to a recognized entity under the approved scheme of the SE and / or SEBI.

Q16. What is the benefit accrued from Early Pay-In of Securities?

Ans. If Early Pay-In (“EPI”) of securities has been made to the CC, then all margins are deemed to have been collected.

Q17. What will happen to the Securities for which Early Pay-in has been done but sale transaction not been effected?

Ans. When the client intends to make a sale Transaction, shares may be blocked in the demat account of the client in favour of CC. If sale Transaction is not executed, shares shall continue to remain in the client’s demat account and will be unblocked at the end of the ‘T’ day. There shall be no movement of the securities from the client’s demat account for early pay-in and shall be unblocked in the client’s demat account if a sale trade is not executed.

Q18. What will be the impact of an Early Pay-in being effected for a higher quantity that the executed sale quantity?

Ans. Securities will be blocked in the client’s demat account only to the extent of the net client level delivery obligation received from CCs. The excess securities shall be unblocked (free balance) at the end of ‘T’ day.

Q19. What is the process flow for pay-in of delivery settlement?

Ans. Blocked securities will be debited from Client's demat account and will be credited by Depositories to CC account with hop/skip to the linked CM/TM Pool account on Pay-In day.

Q20. What will be the sequence of settlement on days when multiple settlements are scheduled?

Ans. CCs shall clear and settle the trades on a sequential basis, i.e. the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement(s).

Q21. What changes will impact the Obligation Transfer Request (OTR) process on account of single VWAP to be provided in the Contract Note?

Ans. Please refer to NCL Circular No. NCL/CMPT/64656 dated October 22, 2024 for FAQs on the impact of the VWAP provision in the Contract Notes.

Q22. Can my open positions in the Cash Segment be netted off against my open positions on the F&O Segment for settlement purposes?

Ans. The guidelines for netting of settlement obligations between the Capital Market Segment and the Equity Derivatives Segment, on expiry of stock Derivatives, have been published vide NCL Circular No. NCL/CMPT/55330 dated January 20, 2023.

Q23. What is the Default Waterfall sequence?

Ans. The default waterfall of CC for any segment shall follow the following order: (i) Monies of default member (including default member's primary contribution to Core SGF(s) and excess monies of defaulter in other segments); (ii) Insurance, if any; (iii) CC resources (equal to 5% of the segment MRC); (iv) Core SGF of the segment in the following order: (a) Penalties, (b) CC contribution to the extent of at least 25% of the segment MRC, (c) Remaining Core SGF: CC contribution, SE contribution and non default members' primary contribution to Core SGF on prorata basis; (v) Proportion of remaining CC resources (excluding CC contribution to core SGFs of other segments and INR 100 Crore or the capital requirement towards orderly winding down of critical operations and services) equal to ratio of segment MRC to sum of MRCs of all segments; (vi) CC/SE contribution to Core SGFs of other segments (after meeting obligations of those segments) and remaining CC resources to that extent as approved by SEBI; (vii) Capped additional contribution by non-default members of the segment; (viii) Any remaining loss to be covered by way of pro-rata haircut to payouts.

Q24. Which are the designated clearing banks?

Ans. The list of Designated Clearing Banks is published by NCL from time to time under https://www.nseindia.com/resources/exchange-communicaon-circulars. The current list of Clearing Banks has been provided vide NCL Circular No. NCL/CMPT/64846 dated October 31, 2024.

Q25. Does a Pool Account with either of the Depositories suffice for delivery settlement purposes?

Ans. It is mandatory for the CMs to have active Pool Accounts with both the Depositories, viz, National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), for settlement purposes at all times.

Q26. Can a CM hold multiple Clearing Accounts with multiple Clearing Banks?

Ans. The CM may opt for multiple Secondary Clearing Accounts with the other Clearing Banks for the purpose of enhancement of collaterals in the form of cash only.

Q27. Is it possible for a CM to opt for either of the Depositories for receipt of the entire pay-out in that Depository's Pool Account?

Ans. Yes, NCL provides a facility of preferred depository wherein payout receivable by CMs can be credited to the specified Pool Account in either of the depositories viz. NSDL or CDSL. However, it is mandatory to maintain active Pool Accounts with both the Depositories during the tenure of the membership.

Q28. What is the procedure for Early Pay-In (EPI) of Securities from pool account?

Ans. CM can make the EPI of Securities through either of NSDL and CDSL. In NSDL, CMs shall deliver the securities to their CM Pool Account and execute irreversible delivery out instructions through their Depository Participant (DP), for the particular settlement. In CDSL, CMs have to open separate early pay-in account with CDSL through NCL. CMs shall be required to send a request for opening an early pay-in account. In case the EPI is done from the CM pool account, then members have to additionally upload the client level allocation in a separate file called CLNTEPI (Client EPI file). In case of T+0 settlement, the pay-in of securities should be done only in the form of EPI through block mechanism and not through pool account by members.

Q29. What is the procedure for EPI through client account using block mechanism?

Ans. In addition to EPI from the CM's Pool Account, CMs can mark EPI of securities directly from the client's demat account as per the facility provided by the Depositories. Modalities for the same have been provided in detail under Point 10.18.1.2 on Page 54 of Part B of NCL Circular No. NCL/CMPT/61800 dated April 29, 2024, as modified from me to me.

Q30. What is the benefit accrued by doing Early Pay-In of Funds?

Ans. In cases where EPI of funds is made, such positions shall be exempt from margins. CMs shall provide the funds in the Clearing Account and there are input the request in the CIM system. Benefit of the same shall be passed on after the Bank confirms the EPI. EPI of funds shall be allocated at client level or at client-security level. EPI of funds, along with details of client-security allocation, can also be made before execution of a trade to avail the benefit of EPI of funds on execution of the trade.

Q31. What is the repercussion of a shortfall in the funds pay-in obligation?

Ans. In case of a shortfall in meeting the funds obligation, the trading / clearing facility of the CM shall be withdrawn with immediate effect, a penalty for violation on account of margin violation shall be levied and other actions as prescribed under Point 12.1 on Page 78 of Part B of NCL Circular No. NCL/CMPT/61800 dated April 29, 2024 may be initiated.

Q32. Are trades rejected by Custodians / Professional Clearing Members penalized?

Ans. Institutional Trades (INST), not allocated to valid CP codes, allocated to non-related FPIs and in case of rejection / non-Confirmation of any Institutional / non-Institutional trades by Custodians or PCMs, a penalty of 0.10% of the unallocated / rejected / unconfirmed value or Rs. 10,000/- whichever is lower, per settlement, shall be levied. Penalties shall be waived on instances of non-Confirmation due to total connectivity failure to the Exchange / STP, international holidays and closing down of national / international centres due to natural calamities.

Q33. Which Segments/ product/ Market is settlement on gross / trade-for-trade basis?

Ans. Trades in the OFS and SLB Segments shall be settled on gross and trade-for-trade basis. Additional, securities trading in trade for trade segment or in Block window are settled on gross basis.
The funds and securities obligations shall be settled through the Primary Clearing Account and Pool Account of the Capital Market Segment. The pool account currently used by Custodians in NSDL for effecting securities pay-in and pay-out in the Capital Market segment is used for settlement under SLBS. In case of CDSL the custodian is required to open an account with CDSL for SLB settlement.

Q34. Will the payment of Securities Transaction Tax and Stamp Duty be routed through NCL?

Ans. Yes, moneys towards STT and SD shall be collected by NCL along with the funds obligations of the CM and shortage therein shall be treated equivalent to shortages in meeting fund obligations by the CM.

Q35. Which positions in the Equity Derivatives Segment shall be considered for netting off of settlement obligations in the Capital Market Segment?

Ans. All open futures positions after close of trading on expiry day and all in-the-money contracts which are exercised and assigned shall be considered for netting of delivery obligations.

Q36. Which positions left open on expiry of the Equity Derivatives Contracts shall result into delivery obligations?

Ans. (i) Long futures shall result into a buy (security receivable) position, (ii) Short futures shall result into a sell (security deliverable) position, (iii) Long call exercised shall result into a buy (security receivable) position, (iv) Short call assigned shall result into a sell (security deliverable) position, (v) Long put exercised shall result into a sell (security deliverable) position and (vi) Short put assigned shall result into a buy (security receivable) position shall result into delivery obligations. Note, the quantity to be delivered/ received shall be equivalent to the market lot * number of contracts which result into delivery settlement.

Q37. What is the procedure to be adopted for submission of positions for voluntary auction facility provided by NCL?

Ans. Please refer to NCL Circular No. NCL/CMPT/56167 dated March 28, 2023 for guidance on the submission procedure for voluntary auction of internal shortages. This procedure is applicable for members who are SEBI registered custodian from March 07, 2025.

Q38. My client wants to avail of the 'Do Not Exercise' facility. Please advise procedure.

Ans. The facility of "Do Not Exercise", earlier available for stock options on expiry date has been discontinued with effect from March 2023 expiry of F&O contracts.

Q39. What is the deadline for EPI of Funds and Securities?

Ans. Generally, the EPI of Funds final cut-off me is 19:45 hrs and the EPI of Securities final cut-off me is 21:00 hrs. EPI of Securities cut-off me is 20:00 hrs for UPI Clients (Ref CMPT58895). The Margin Report is downloaded by around 22:30 hrs. However, these mings may be changed from me-to-me and on Running Account Settlement Days.

Q40. What are the guidelines and processes for 'Trading supported by Blocked Amount in Secondary Market'?

Ans. Please refer to SEBI Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/99 dated June 23, 2023 and NCL Circular No. NCL/CMPT/58895 dated October 12, 2023 wherein detailed guidelines have been issued.

Q41. How does 'Direct Pay-out to Clients' work?

Ans. Direct payout to client account was facilitated on voluntary basis vide SEBI Circular No. SMDRP/Policy/Cir-05/2001 dated February 01, 2001. The facility has now been made mandatory through SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024. Circular Nos. NCL/CMPT/63669 dated Aug 30, 2024, NCL/CMPT/63856 dated Sep 11, 2024, NCL/CMPT/64119 dated Sep 24, 2024, NCL/CMPT/64282 dated Sep 30, 2024 and NCL/CMPT/64297 dated Oct 01, 2024 may be referred to for additional details.

Q42. Is it mandatory to provide Direct Pay-out to Client facility?

Ans. The date of November 11, 2024 for the implementation of the Direct Pay-out to Client facility has been reverted and the new date is yet to be announced (Ref CMPT65029).

Q43. How will stocks funded under the Margin Trading Facility be handled under the Direct Pay-out to Clients directions?

Ans. Funded stocks shall be transferred to the respective Client's demat account, followed by the creation of an auto-pledge (i.e., without the requirement of a specific instruction from the client) with suitable reason, in favor of 'Client Securities under Margin Funding Account'.

Q44. How are details of stocks funded under the Margin Trading Facility to be informed to NCL under the Direct Pay-out to Clients directions?

Ans. A facility to upload UNPAIDMTF request file and to download UNPAIDMTF response file has been provided in NMASS. The files can be uploaded from 15:30 hrs onward on Trade Day till 10:00 hrs on Settlement Day. On days of multiple settlements, CMs can upload files for the second settlement till 13:00 hrs.

Q45. In which of the multiple demat accounts of the client shall Direct Pay-out be effected?

Ans. Payouts shall be directly transferred to the demat account of the UCC that has been identified as Primary by the CM and is verified by depository. In case the primary/secondary indicator for demat accounts have not been updated by the CM, then information provided in Demat Account 1 shall be considered as the Primary Account and pay-out shall be effected to this Demat Account.

Q46. How will settlement of delivery obligations under the Direct Pay-out to Clients directions be updated in our systems?

Ans. NCL shall provide a separate delivery report for direct pay-out information. The report shall provide client wise security wise quantity credited to client account. The format of this report has provided vide NCL Circular No. NCL/CMPT/63856 dated September 10, 2024.

Q47. In which bank account can funds towards the client's pay-in obligations be received?

Ans. All funds from clients, including their pay-in obligations, can be received only in the bank account bearing a nomenclature of “<CM Name> - USCNB Account”.

Q48. From which bank account can funds towards the client’s pay-out obligations be transferred?

Ans. All fund transfers to clients, including their pay-out obligations, shall be effected only through the bank account bearing a nomenclature of “<CM Name> - DSCNB Account”.

Q49. Which Demat Account should be used for settlement of delivery obligations of the clients?

Ans. Securities towards the client’s delivery pay-in obligations and towards the client’s delivery payout obligations shall be effected only into the verified primary Demat Account of client.

Q50. Which contracts on the Currency Derivatives Segments are delivery settled?

Ans. All contracts on the Currency Derivatives are cash settled on the Expiry day of the relevant contract. The daily mark to market and premium settlements are effected on T+1 day. The final settlement of currency futures and options contracts is be effected on T+2 day, T being the last trading day of the contract.

Q51. How are contracts on the Interest Rate Derivatives Segment settled?

Ans. The final settlement of Futures on 91 Day GOI T-bill, Cash settled Interest Rate Futures and Options contracts on G-Sec and Futures on overnight call rate are cash settled on T+1 day basis, T being the last trading day of the contract.

Q52. How are Daily Settlement Price and Final Settlement Price on the Currency Derivatives and Interest Rate Derivatives Segments derived?

Ans. You are advised to refer to Item 4 of Part B of the Consolidated Circular for the Currency Derivatives Segment bearing NCL Circular No. NCL/CD/61802 dated April 29, 2024 for the computation of (i) Daily Settlement Price for mark to market settlement of Currency futures contracts and Cross currency futures contracts; (ii) Daily Settlement Price for mark to market settlement of futures contracts on 91 Day GOI T-bills; (iii) Daily Settlement Price for mark to market settlement of Cash settled Interest rate futures on G-Sec; (iv) Daily Settlement Rate for mark to market settlement of futures on overnight call rate (MIBOR); (v) Final Settlement Price of the Currency futures contracts; (vi) Final Exercise Settlement Price of Currency Options contracts; (vii) Final settlement price of futures contracts on 91 Day GOI T-bills; (viii) Final Settlement Price for Cash settled Interest rate futures on G-Sec; (ix) Final Exercise Settlement Price of Interest Rate Options contracts; (x) Final Settlement Rate for futures on overnight call rate (MIBOR).

Q53. How will daily and final settlement in Commodity Derivatives Segment be effected?

Ans. The pay-in and pay-out of daily mark to market settlement, final settlement of futures contracts which are cash settled and daily premium settlement shall be effected before start of market hours on T+1 basis. Final settlement of futures contracts and the final exercise settlements of options contracts which are settled by delivery shall be effected as per the commodity based settlement schedule published from me to me.

Q54. How are Daily Settlement Price and Final Settlement Price on the Commodity Derivatives Segment derived?

Ans. You are advised to refer to Item 4 of Part B of the Consolidated Circular for the Commodity Derivatives Segment bearing NCL Circular No. NCL/COM/61816 dated April 30, 2024 for the computation of (i) Daily Settlement Price for mark to market settlement of futures contracts; (ii) Theoretical daily settlement price for unexpired Commodities futures contracts which are not traded during the last half an hour on a day; (iii) Final Settlement Price for futures contracts; (iv) Final settlement price (FSP) of commodity derivative contracts in case of unavailability of spot prices;

Q55. How is exercise settlement for Options Contracts carried out in the Commodity Derivatives Segment?

Ans. Options contracts shall be exercised as per the European style. Open series having strike price closest to the Final Settlement Price (FSP) shall be termed as At-the-Money (ATM) option series. This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as 'Close to the money' (CTM) option series. In case the FSP is exactly midway between two strike prices, then immediate three option series having strike prices just above FSP and immediate three option series having strike prices just below FSP shall be referred as 'Close to the money' (CTM) option series. All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts. All In-the-money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so. All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.

Q56. Which positions of OPTCOM series shall be considered for delivery settlement?

Ans. Positions of deliverable contracts that shall be considered for delivery settlement are (i) where option expiry is prior to Future expiry; (ii) Long call exercised shall result into a buy (receivable) positions; (iii) Short call assigned shall result into a sell (deliverable) positions; (iv) Long put exercised shall result into a sell (deliverable) positions; (v) Short put assigned shall result into a buy (receivable) positions - where option expiry is aligned with Future expiry. The final deliverable/receivable positions at CM level shall be arrived after netting the obligations at individual client and grossed across all clients, at the TM/CM level considering both futures and exercised/assigned options position.

Q57. Which positions of OPTFUT series shall be considered for delivery settlement?

Ans. OPTFUT contracts will expire two business days prior to the Expiry day of the underlying futures contract and all in the money (ITM) option contracts shall be exercised automatically unless contrary instruction has been given by long position holders of such contracts for not doing so. All exercised / assigned option contracts shall devolve into underlying futures position and will be added in Day's Buy / Sell positions. For Day Buy Open Quantity : Devolved long Qty = Quantity of long call position + Quantity short put position. For Day Buy Open Value : Devolved long Value = (Quantity of long call position * Strike price of contract * Multiplier) + (Quantity of short put position * Strike price of contract * Multiplier). For Day Sell Open Quantity : Devolved short Qty = Quantity of long put position + Quantity short call position. For Day Sell Open Value : Devolved short Value = (Quantity of long put position * Strike price of contract * Multiplier) + (Quantity of short call position * Strike price of contract * Multiplier).

Q58. What is the procedure for Delivery Settlement in the Commodity Derivatives Segment?

Ans. The procedure for handling Delivery Settlement of Base Metals has been addressed in detail within Part (C)(2) of the Consolidated Circular for the Commodity Derivatives Segment bearing NCL Circular No. NCL/COM/67788 dated April 30, 2025 and Delivery Settlement of Bullion has been addressed in detail within Part (C)(1) of the Consolidated Circular for the Commodity Derivatives Segment bearing NCL Circular No. NCL/COM/67788 dated April 30, 2025, which may please be referred to.

Q59. How does Tender Period / Staggered Delivery in the Commodity Derivatives Segment work?

Ans. Tender / Staggered Delivery period begins a few working days prior to expiry of a contract and ends with expiry, during which sellers/buyers having open position may submit an intention to give/take delivery. On intention marking by a Seller, delivery allocation to shall be to buyers having open long positions, on a random basis. However, preference shall be given to buyers who have marked an intention of taking delivery. Buyers marked for delivery will have to compulsorily take delivery. Settlement shall happen latest by T+1 working day where T is the Tender Day.

Q60. What is the procedure for withdrawal of a commodity from a warehouse / vault?

Ans. CM shall initiate a request and upload certain documents for withdrawal of available free balance of a commodity in the Inventory Management System (IMS) provided by NCL. The withdrawal instruction shall be specific to Commodity and Client. On approval by NCL, the same shall be available to VSP/WSP for actual release of the commodity. An Authorized Person of the CM shall submit the documents at the vault/warehouse. The VSP/WSP officials will, upon final scrutiny/checking of the identity, deliver commodity to the Authorized Person.

Q61. What comprises the Supplementary Settlement in the Commodity Derivatives Segment?

Ans. Supplementary settlement shall be an obligation in addition to the settlement obligations for handling variances, including Quality and Quantity difference, and GST. Supplementary settlement shall always be settled in cash.

Q62. What is the process for invoicing in the Commodity Derivatives Segment?

Ans. NCL shall only facilitate the GST settlement for the amount calculated and confirmed by the buyers/ sellers. Seller member shall provide GST amount on next day of settlement i.e. T/E+2 through the Inventory Management System (IMS). The information shall be available for buyer member Confirmation/ rejection for 2 days are settlement i.e. T/E+3 till 15:00 hrs. Buyer member can confirm/ reject the information through IMS. If the buyer member confirms the tax amount: (i) The buyer shall be able to provide the details of the client in whose name, the seller shall issue an invoice; (ii) The seller shall be able to view/ download relevant invoice information. If the buyer neither confirm nor reject the information till 15:00 hrs on E+3: (i) The invoice information shall be by default the member details; (ii) The seller shall be allowed to view/ download relevant invoice information. In case of rejection, remarks for rejection need to be mentioned. The seller member shall dispatch the settlement related documents so as to reach the buyer member latest by T/E+7. GST amount so confirmed by the members shall be settled during supplementary settlement by debiting the receiving member account and crediting the delivering member account on the same day.

Q63. What is First Leg Settlement in the SLB Segment?

Ans. The first leg of the transactions across all series including early recall/repay transactions shall be settled on T+1 day on a gross basis. The obligation for a borrow Transaction and an early recall Transaction shall be the lending fee. The obligation for a lend transactions and an early repay Transaction shall be the securities agreed to lend/relend. In case of early repay transactions, the securities transferred by the Participants/ Custodian in NCL repayment account shall be automatically utilized towards pay-in of the respective Transaction on T+1 day. In case of early recall/ repay Transaction, the existing position for which early recall/repay Transaction has been executed shall cease to exist on successful completion of the first leg settlement of the Transaction.

Q64. What is Reverse Leg Settlement in the SLB Segment?

Ans. The reverse leg settlement shall be conducted on the reverse leg settlement date of the respective series. Participants/ Custodians who have a borrow position shall return the securities on the reverse leg settlement date as specified by NCL for the respective series. In case of early pay-in of securities in reverse leg by way of pool to pool transfer of shares from Participants/ Custodians NSDL Pool account to NSDL NCL repayment account which have not being further lent, the securities shall be automatically utilized towards pay-in on the respective reverse leg settlement date.

Q65. What is Recall and Repay of Securities in the SLB Segment?

Ans. A Lender of Securities can seek Recall of the lent Securities prior to the Expiry Date by entering such request into the system. A Borrower of Securities can request for Repay prior to the Expiry Date. Both these transactions are equivalent to Borrow and Lend Transactions and are subject to availability of counterparties to these transactions. Successful execution results into the lowering of the open positions. The procedure for Recall and Repay Transactions is detailed under Item 7 of Part B of the Consolidated Circular for the SLB Segment, as published from me to me.

Q66. How is delivery shortage in the First Leg of the SLB Segment handled?

Ans. In case a lender fails to deliver the security the Transaction shall be closed out at a price which shall be higher of 25% of closing price of the security on T+1 day (closing price for the security in the capital market segment of NSEIL) or {(Maximum trade price of the security in the capital market segment of NSEIL from T to T+1 day) - (T+1 day closing price of the security in capital market segment of NSEIL)}.

Q67. How is delivery shortage in the Reverse Leg of the SLB Segment handled?

Ans. Failure to deliver securities shall result in a buy-in auction on the reverse leg settlement day. The auction settlement for the same shall be conducted on Auction + 1 day. In case of no-offer in buy-in auction/failure to deliver in auction settlement the Transaction shall be closed out at a price which shall be higher of Maximum trade price in the capital market segment of NSEIL from (reverse leg settlement day – 1 day) to reverse leg settlement day or 25% above the closing price of the security in the capital market segment on the reverse leg settlement day.

Q68. How is funds pay-in towards subscription by clients on MFSS to be effected?

Ans. Monies of clients for mutual fund transactions on MFSS through any mode like NEFT, RTGS, UPI etc is transferred directly to the bank account of NCL only. NCL shall accept funds only from the client bank accounts registered with NSE. Participants shall accordingly ensure valid bank accounts of their client are registered with NSE. In respect of funds received by NCL through payment aggregator, the details like member code, UCC, bank account etc shall be provided by payment aggregator to NCL. Accordingly, Participants shall ensure the required details are updated with their payment aggregators.

Q69. Where are units towards redemption requests to be transferred?

Ans. Units for Redemption will need to be transferred by 16:30 hrs of T day, in demat form, as on market transactions to NCL's Pool Accounts bearing CM BPID: IN565576 for NSDL and Counter BO Id (NSE CLEARING House Account): 1100001100017837.

Q70. What is the procedure for Shifting settlement account from one bank to another?

Ans. Clearing member should submit below documents for account shifting

1. Format of authorising letter to be submitted by the member to the clearing bank for operation of clearing account.
2. Account Confirmation letter from clearing bank to clearing member.
3. Format for NOC from clearing bank to clearing member for change of bank.
4. Format of request letter from clearing member to clearing corporation for change of settlement account.

Kindly refer NCL Circular No. NCL/CMPT/54392 dated November 11, 2022.

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