Securities Lending & Borrowing Scheme (SLBS)

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Frequently Asked Questions (FAQ)

Securities Lending & Borrowing Scheme (SLBS)

NSE Clearing Limited

1. **Who are eligible to participate in SLBS?**
   All clearing members of NSE Clearing Ltd. (NCL) including Banks and Custodians, hereinafter referred to as 'Participant', are eligible to participate in Securities Lending and Borrowing Scheme (SLBS).

2. **In view of interoperability, the broker has chosen ICCL as designated CC in Capital market. Can such a broker be a participant in SLB Scheme?**

   Or

   I am a Trading member clearing through another member in Capital market. Can I be a Participant in SLB Scheme

   All clearing members of NSE Clearing Ltd. (NCL) including Banks and Custodians, hereinafter referred to as 'Participant', are eligible to participate in Securities Lending and Borrowing Scheme (SLBS). Accordingly for any member to be a participant, the entity needs to be a clearing member of the Clearing Corporation.

3. **What is the procedure for Participant registration?**
   The eligible persons are required to follow the registration procedure as specified by NCL.

   Following is required to be registered as a Participant -

   a. Application in writing to NCL on letter head of the clearing member
   b. Agreement with NCL as specified in Part C (1) of NCL Circular 73999 dated April 30, 2026.
   c. Open an account with CDSL for SLBS settlement. Acknowledged copy of the undertaking letter (as per Format mentioned in Part C (3) of circular 73999 dated April 30, 2026) addressed to CDSL to be provided to NCL.
   d. Fulfill such other conditions as may be prescribed by NCL.

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e. For further queries on registration and documentation, kindly contact 18002660050 (IVR Option 2) or alternatively can email on support@nsccl.co.in.

4. **Do we have any additional /Deposit to be made to be a participant in SLB Scheme**

   There is no minimum deposit to be paid for membership (being a participant) in SLB Scheme.

5. **Who are the eligible investors for SLB scheme?**

   SEBI has permitted all categories of Investors viz. Retail and Institutional to participate in SLB. Accordingly, all categories are allowed to trade in SLB Scheme.

6. **How can institutional clients participate in SLB?**

   For all institutional clients (that is FIIs, Mutual Funds, Domestic Financial Institutions, Banks, Insurance Companies, Pension Funds), it is mandatory to have the Custodial Participant (CP) Code and Unique Client Code (UCC).

7. **What is the procedure for institutional clients to acquire CP Code and UCC?**

   The Custodians are required to take Custodial Participant (CP) codes for those clients whose SLBS transactions they would like to clear and settle. Custodians shall log in to N_{SCCL}–MASS application by using their existing log-in details for mapping of CP Codes. The CP codes mapped shall be activated with effect from the next trading day. The Custodians shall continue to perform KYC of the clients and maintain necessary documentation of client for whom CP code is activated. The facility to deactivate CP code is also provided through N_{SCCL} –MASS. Acceptance of deactivation request shall be subject to approval by NCL. Institutional clients who do not have Unique Client Code (UCC) allotted by NCL/BSE may be advised to immediately approach NCL/BSE through their custodian for the same.

8. **Which securities are eligible for trading in SLBS?**

   NCL announces the list of eligible securities based on following criteria on monthly basis and circulars to the effect are issued to the market on every 20th of the month.

   1. Securities available for trading in F&O segment of NSE
   2. Index based ETF that has traded on at least 80% of the days over the past 6 months and its impact cost over the past 6 months is less than or equal to 1%.
   3. Scrips that fulfill the following criteria:

- Scrip classified as 'Group I security' as per SEBI circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005.
  AND
- Market Wide Position Limit (MWPL) of the scrip, as defined at para 12 (a) of Annexure 2 of the MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007, shall not be less than Rs.100 crores.
  AND
- Average monthly trading turnover in the scrip in the Cash Market shall not be less than Rs.100 crores in the previous six months.

In addition to the above, on daily basis the link for eligible securities is provided in daily report section- www.nseindia.com/all-reports /Securities Lending & Borrowing- SLB_ELG_SEC_DDMMYYYY.csv

9. What are the contract specifications and tenure?

We have monthly fixed tenures and shorter tenures as well in SLB Scheme.

1. **Monthly tenor contracts:-** The tenure for SLB transactions is up to 12 months. 12 fixed monthly tenures with fixed reverse leg settlement dates are available for transactions in SLB. The fixed settlement dates are the first Tuesday of the respective month and the date is displayed on the NEAT SLB trading screen at the time of order entry. Each month is assigned to two series to it with January having series as 01 as well as X1 up to December having series as 12 as well as XD.

   There shall be two set of contracts i.e. Series for each security available for trading: -

   a. Contracts which shall be mandatorily foreclosed in the event of AGM/EGM ***(Series O1 to 12)***
      The regular set of contracts (identified by series as mentioned in Part C (36) of circular 73999 dated April 30, 2026) available for trading shall be mandatorily foreclosed in the event of all corporate actions including AGM/EGM except Dividend and Stock Splits.

   b. Contracts which shall not be foreclosed in the event of AGM/EGM (***Series X1 to XD)***
      - An additional set of contracts (identified by series as mentioned in Part C (37) of circular 73999 dated April 30, 2026) available for trading shall not be foreclosed in the event of AGM/EGM. However, these contracts shall continue to be foreclosed for other corporate actions other than dividend and stock split.

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The functioning and features of the new series of regular and rollover contracts shall be same as applicable to current series of regular and rollover contracts. The only difference shall be that the new series of contracts shall not be foreclosed in the event of AGM/EGM corporate actions and the contracts shall continue till the respective expiry.

2. Effective August 17, 2026, we have R3 series introduced in SLB Scheme, which provides one trading day and reverse leg settlement on T+3 basis. The contracts will be generated and made available on daily basis. The first leg of the trades executed on Transaction Day (T Day) shall be settled on T+1 day as done currently and corresponding reverse leg settlement shall be scheduled on T+3 day (excluding Settlement Holidays).
   These contracts are not foreclosed in the event of AGM/EGM.

10. What is the settlement schedule of SLBS?

The settlement calendar with respect to SLBS for a lending and borrowing transaction is mentioned below:

Activities	Timings/ schedules
Transaction (T) Day	
SLBS transaction session	9:00 am – 5:00 pm
CP code modification	5:15 pm
Custodial confirmation	6:30 pm
Final obligation to Participants/ Custodians	7:00 pm
T+1 day	
Upload of Client Direct payout request	7:30 am
Pay-in of securities/funds first leg (Settl Type L)	8:00 am
Pay- out of securities first leg	10:00 am
Pay- out of funds first leg	11:30 am
Reverse leg Settlement Day	

Activities	Timings/ schedules
Pay-in of securities of reverse leg (Settl Type P)	9:00 am
Pay-out of securities/funds of reverse leg	11:30 am
Buy-in auction for failure of borrower to return securities	2:00 pm
Auction obligation download	4:30 pm
Reverse leg Settlement Day + 1 day	
Pay-in of securities for auction settlement (Settl Type Q)	9:00 am
Pay-out of securities/funds for auction settlement	11:30 am

11. Do I have to open separate pool accounts for SLBM?

NSDL & CDSL pool account of NCL CM segment can be used for SLBM settlement ,No Separate pool account is required.

12. What is the action on shortages in SLBS?

A. <u>Securities Shortage: -</u>

In case of securities pay-in shortages by the lender in first leg settlement i.e. the lender fails to deliver the security the transaction shall be closed out at a price which shall be higher of:

a. 25% of closing price of the security on T+1 day (closing price for the security in the capital market segment of NSEIL), or

b. (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)

In case of Securities pay-in shortage by the borrower in reverse leg settlement i.e. the borrower fails 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

a. Maximum trade price in the capital market segment of NSEIL from (reverse leg settlement day – 1 day) to reverse leg settlement day, or

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b. 25% above the closing price of the security in the capital market segment on the reverse leg settlement day.

An additional report shall be downloaded to participants and custodians in case of security shortage in first leg and reverse leg settlement.

B. <u>Funds Shortage: -</u>

In the event of funds shortage by the borrower, the SLBS transactions shall be cancelled, or such other action as may be decided by NCL. Accordingly, securities shall be returned to the lenders along-with lending fees. Actions in case of funds shortages shall also be applicable to recall/repay transactions.

13. In what form can I provide collateral?

Participants/Custodian, may deposit liquid assets in the form of cash, bank guarantees, fixed deposit receipts, Government of India Securities/T-Bills, equity shares of companies and units of Exchange Traded funds and Open ended Mutual Funds in demat form pledged in favour of NSE Clearing Ltd from any other Depository Participant of NSDL and CDSL and any other form of collateral as may be prescribed by NCL from time to time.

NCL shall not accept Fixed Deposit Receipts (FDRs) and Bank Guarantees from members as collateral, which are issued by the member themselves or banks who are associate of member. Explanation - for this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2012.

14. How is the adjustment for corporate actions handled in SLBS?

- **For Dividend:** On book closure start date or record date plus one working day as the case may be, NCL debits the dividend amount on the borrowed shares from the Borrower and credits the same to the Lender.
  NCL shall provide 'Dividend report' (DIV_<Participant code>_ddmmyyyyy.csv) on shut period start date of the corporate action in slbftp under reports folder.
  In case of early pay-in of securities in reverse leg of securities where the securities have not been further lending the dividend amount is collected from the borrower and passed on to the lender. This amount is paid back by NCL to the borrower on receipt of such dividend.

- **For Stock split:** The positions of the borrower would be proportionately adjusted, and the lender would receive the revised quantity of shares at the time of reverse leg.
- **Other any other corporate actions:** In case of other corporate actions such as bonus/ merger/ amalgamation / open offer etc, the transactions shall be foreclosed on ex-date i.e. the record date itself.
  The lending fee shall be returned by the lender on a pro-rata basis which shall be returned to the borrower by NCL.

15. How does NCL intimate participants about foreclosure announced in a security?

- NCL receives the information on the corporate action from NSE
- In case of foreclosure of transactions, NCL shall specify the settlement schedule for the purpose of pay-in/pay-out of transactions from time to time.
- NCL shall provide 'SLB Foreclosure report' (Foreclosure_SLB_YYYYMMDDD.csv) on website under daily report.
- The report shall give details of shut period, series, foreclosure date and settlement number of corporate actions resulting in foreclosure of transaction.
- Participants/ Custodians shall track corporate action as per announcement date and ensure that Security and funds obligation are met on Foreclosure date and Foreclosure settlement number mentioned in the report.

16. How is shut period identified in case of corporate action?

1. In case of dividend or stock split corporate actions, the shut period start date shall be Ex-date (Now Record date) minus 1, excluding settlement holidays.
2. For other corporate actions, resulting in foreclosure, shut period start date shall be Ex-date-7 days, excluding settlement holidays or as defined by NCL from time to time.

The shut period end date for all corporate actions shall be Book closure start date or record date of the corporate action. During shut period no transactions, including rollover shall be allowed in the security.

17. What is the procedure to enter Repay and Recall orders?

Participants/ Custodians shall take note of the following with regards to recall/repay requests.

- Participants can enter recall/repay requests only if they have existing reverse leg positions i.e. only after successful completion of the first leg settlement of the original SLBS transaction. The request can also be made for partial quantity.
- If the Lending /borrowing has happened on T Day, then post settlement completion on T+1 day, the Repay/Recall request can be placed on the trading terminal.
- Participants can enter recall/repay requests till three working days prior to the reverse leg settlement date of the respective SLBS transaction or as per the timelines specified by NCL.
- In case of repay, the participant/ Custodian shall first transfer the securities in NCL repayment account with the depositories NSDL and provide details of client specific allocation of the early pay-in of securities. Participant can enter repay request on trading system, after successful allocation of early pay-in of securities to specific clients as per allocation details provided.
- In case of EPI of securities in Reverse Leg, if the repay request is not successful till the reverse leg date, the borrower shall have to forego the lending fee for the balance period.
- The lending fee for recall/repay requests shall be at market determined rates. Therefore, participants shall quote the lending fee per share that they wish to forego/except for the balance tenure of lending/borrowing at the time of entering recall/repay requests.
- Repay/ Recall requests shall be facilitated on a best effort basis.
- If the participant does not wish to further lend the securities and only wants the benefit towards margins, the participant/ Custodian shall transfer the securities in the NCL repayment account.
- R3 series is not eligible for repay/recall.

18. Is Custodial Confirmation required for Repay/Recall trades done?

Yes, it is necessary for the Custodian to confirm.

19. Can I rollover my existing positions to next expiry?

Yes. As stipulated by SEBI, rollover of an original contract shall be permitted multiple times subject to one condition i.e. the total duration of the contract after considering rollovers shall not exceed 12 months from the date of the original contract.

Example:

If the position has been taken on 08-Dec-2017 the total tenure of the contract shall not exceed 12 months i.e. 08-Dec-2018. Thus the Permissible month of contract beyond which rollover would not be allowed would be DEC-18.In a scenario if the position was taken on 01-Dec-2017, then the permissible month of contract beyond

which rollover would not be allowed would be NOV-18 (as DEC-18 Expiry falls on 06-Dec-2018 which is beyond 01-Dec-2018)

i. Forty-eight contracts for rollover shall be available.

ii. The rollover contract shall be identified by a 2-digit alphabetical series in case of regular contracts and alphanumerical series in case of the newly introduced contracts. Each rollover series represents a source series, which participant wants to rollover and the target series. The additional set of 24 rollover contracts shall be used to rollover positions taken in contracts which shall not be foreclosed in the event of AGM/EGM.
The details of rollover series are provided in our circular 36465 dated December 11, 2017.

iii. At any point in time rollover contracts shall be available only for near month series. Rollover contract for near month series shall be introduced from next day of expiry of previous monthly series. For example - Rollover from June (06) & (X6) to July (07) & (X7) - JL and U1 or from June (06) & (X6) to August (08) & (X8) - JA and U2 shall be available from next day of expiry of May (05) and (X5).

iv. The last trading day of rollover contracts shall be the 4th working day prior to expiry of respective near month series, excluding settlement holidays. For example: the last trading day of rollover contracts JL & U1 and JA & U2 shall be 4th working day, excluding settlement holidays, before expiry of June (06) & (X6) series.

v. In case of corporate actions in a security resulting in foreclosure, no rollover shall be allowed from the series getting foreclosed, of the security. For example-
   i. If foreclosure date of a security is 16th July 2017, series starting from August (08) & (X8) are foreclosed. In this condition rollover shall be allowed from June (06) & (X6) to July (07) & (X7) and June (06) & (X6) to August (08) & (X8).
   ii. If foreclosure date of a security is 16th May 2017, series starting from June (06) & (X6) are foreclosed. In this condition no rollover shall be allowed from June (06) & (X6) to July (07) & (X7) or June (06) & (X6) to August (08) & (X8).

20. Can a lender or borrower extend the tenure of lending or borrowing more than 1 year and what is criteria for same?

The lender or borrower **cannot** keep rolling over the existing contract for more than 12 months.

21. What margins are applicable on transactions under SLBS?

All transactions under SLBS shall be subject to margins. Following margins shall be applicable for transactions under SLBS.

✓ **T DAY**

- Margins on Borrow transaction on Transaction Day (T Day)
  i. The borrower shall be levied only a fixed percentage of Lending fee as margins on T Day.
  ii. The fixed percentage shall be 100% or as may be specified by NCL from time to time.

- Margins on Lend transaction on Transaction Day (T Day)
  i. Mark to Market Margins
  ii. Fixed percentage of lending price. The fixed percentage shall be 25% or as may be specified by NCL from time to time.
  iii. No margins shall be levied on lend transactions if early pay-in of securities has been received from the lender.

✓ **Reverse Leg Obligation-Margins for Reverse Leg transactions**

No margins shall be levied to the lender of securities for the reverse leg transaction. The borrower of securities shall be levied following margins in respect of reverse leg transactions:

a. **Value at Risk Margins**

VaR margin rate as applicable to the security in the capital market segment shall be applicable in the SLBS. The VaR margin shall be collected on upfront basis by adjusting against the collateral of the Participant/ Custodian.

b. **Extreme Loss Margins**

Extreme Loss margin rate as applicable to the security in the capital market segment shall be applicable in the SLBS. The Extreme Loss margin shall be collected on upfront basis by adjusting against the collateral of the Participant/ Custodian.

c. **Mark to Market Margins**

Mark to market loss shall be calculated by marking each transaction in security to the closing price of the security at the end of day in the capital market segment of NSEIL. In case the security has not been transacted

on a particular day in the capital market segment, the latest available closing price at the NSE shall be considered as the closing price. The mark to market margin (MTM) shall be collected from the Participant/ Custodian before the start of the SLBS session of the next day. The MTM margin shall also be collected/ adjusted from/against the collateral deposited by the Participant/ Custodian.

d. **Fixed percentage (100%) of lending prices**

A fixed percentage i.e. 100% of lending price (i.e. previous day closing price of the security in the capital market segment of NSEIL) shall be levied as margin on the Participant/ Custodians for the borrow transaction.

✓ **Margins for Early Recall/ Early Repay and Rollover transactions.**

In case of early repay request being successful no margins shall be levied on such transaction. In case of early recall transactions, the lending fee shall be levied as upfront margins.

✓ **Margins for Rollover transactions**

a) Lend rollover transactions for clients other than custodial participants: No margin.
b) Lend rollover transactions for Custodial Participant clients: Margin as per VaR rate of the security shall be levied upfront on participant. The Margin will be levied on participant member till custodial confirmation. No margin shall be levied on custodian, post confirmation.
c) Borrow rollover transactions for clients other than custodial participants: Rollover fee shall be levied upfront on participants. The margin will be levied till settlement on T+1.
d) Borrow rollover Transactions for Custodial Participant clients: Rollover fee shall be levied upfront on participant till custodial confirmation. The margin will be levied on custodian, post confirmation, till settlement on T+1.

✓ **Margin report:**

a) The margin details shall be provided to participant/ custodians in detailed margin report (MG02).
b) Lending price (as explained above) payable by participant/ custodians on T+1 for normal borrow transactions of T Day, shall be provided in MG01 report.

22. How does NCL determine the position limits?

a) The market wide position limit for SLB transactions shall be 10% of the free-float capital of the company in terms of number of shares.

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b) The Participant position limits in a security shall be 10% of the market-wide position limit.
c) The position limit applicable for Institutional Investor in a security is same as of a Participant i.e. 10% of the market-wide position limits.
d) The client level position limits for a security for each specific client shall not be more than 1% of the market-wide position limits.

23. When is the Position Limit Circular issued by Exchange?

Position Limits applicable for the next month are computed and informed to market participants on the last trading day of the month. These limits shall be applicable from the first Tuesday of the month i.e. after the reverse leg settlement of the subsequent month. The Position limit files for Market wide, Participant, Institutional clients and Client level Position limit in upload able (csv) format are available on website under monthly report.

24. What happens to the position limits of a security in case of corporate actions?

In case of corporate actions such as bonus, stock splits and rights, NCL issues revised position limits circular on the Record date or Book closure start date of security having such corporate actions. In case of any other corporate action, there is no revision in position limits.

25. What is the procedure for making early pay-in of securities for first leg transaction?

Early pay-in of securities facility to avail margin benefits shall be made available to all Participants/ Custodians. Participants/ Custodians can make early pay-in through either of the depositories viz. NSDL and CDSL. Participants/ Custodians desirous of making early payin of securities through CDSL need to open a separate SLBS EPI account. Early pay-in of security can be made only for the first leg. The early pay-in received shall be allocated to the clients with delivery positions on a random basis. In case early pay-in needs to be allocated to specific clients, then member shall upload client early pay-in file mentioning the total quantity for the clients to whom EPI needs to be allocated.

Members are requested to check the return file (<XXXXX>_CLNTEPI_L_YYYYMMDD.Snn) and EPI Allocation report (<XXXXX>_CEPYYYYMMDD.Dnn) downloaded to them in the CEP directory.

26. What is the procedure for making early pay-in of securities for reverse leg transaction?

Participant will be required to transfer the securities from the Member's Pool account to NCL's Early Repayment accounts with NSDL i.e. Pool to Pool Transfer. The settlement number shall be the reverse leg settlement number of the respective borrows transaction.

The details of the Early Repayment account number are mentioned below.

NSDL- CM Name – NCL

CM-BP Id – IN565832

Market Type - 24, SLB REVERSE LEG

Settlement No-

Simultaneously, the participants are required to provide client EPI instruction file for Reverse Leg details as per procedure mentioned later. Please refer our circular 73999 dated April 30, 2026, for format of the file.

After the transfer of securities in the NCL repayment account and successful processing of client EPI instruction file for Reverse Leg from the participant, NCL shall drop margins for the transaction.

Members are requested to check the return file (<XXXXX>_CLNTEPI_S_YYYYMMDD.Snn) and EPI allocation report (RLCEPYYYYMMDD.Dnn) downloaded to them in the CEP directory.

27. Can I give EPI through CDSL for reverse leg Transactions?

Currently, EPI for Reverse leg transactions is only accepted from NSDL account.

28. Can I take back the securities given as early pay-in for reverse leg?

Yes, reversal of early pay-in of shares for reverse leg possible. /Yes, you can take back the securities given as early pay-in for reverse leg. The procedure for the same is as follows:

a. Member provides request for 'Reversal of EPI for reverse leg' / Return of EPI on their letter head stating their CMBP ID of NSDL Pool A/c, Symbol, ISIN, Quantity, Settlement No.

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b. In case of partial reversal/return, post market hours (after 5:00 pm), member shall upload the reverse client epi file with reduced EPI quantity for a client uploaded in the previous file, by updating the record in the subsequent file with revised quantity.
c. In case of full reversal/return, post market hours (after 5:00 pm), member shall upload the reverse client epi file with EPI quantity for a client uploaded in the previous file, by updating the record in the subsequent file with revised quantity as ZERO.

29. Can I transfer the shares through block mechanism for SLB reverse settlement?

Member can transfer the shares for SLB reverse leg via the following.

i. Irreversible delivery out
ii. Auto delivery out
iii. Block mechanism
iv. Pool to pool transfer.

However, if you are transferring the shares before expiry-1 date, it is recommended to transfer via pool to pool and upload the EPI file, to get the early pay-in benefit.

30. Is there a facility for CP code/ client code modification in SLBS?

A facility of client code modification to facilitate the correction of client code is being made available in SLB Scheme. Participants, who desire to correct the client codes and/or CP Codes shall upload file as given in our Circular 73999 dated April 30, 2026.

The file shall be uploaded up to 5:15 pm on trade day or as per cut off time stipulated by the NCL from time to time. Client code/CP Code modification shall be done for each transaction at order level. The facility shall not be applicable for modification of client codes/CP code of Repay, Recall, Rollover transactions. Further the facility cannot be used to modify any proprietary transactions. Charge shall be levied monthly on all client code modifications of non- institutional trades.

a' as % of 'b' Penalty as % of 'a'	**a' as % of 'b' Penalty as % of 'a'**
≤ 5	1
>5	2

a= Value (Lending Fee) of non-institutional trades where client codes have been modified by a trading member in SLB scheme during a month. b= Value (Lending Fee) of non-institutional trades of the trading member in the SLB Scheme during

the month. The exceptional charges collected from a Participant for a month shall be subject to minimum of Rs.500 per month.

31. What are the facilities provided by NCL in SLBS?

a. **Auto Delivery Out in NSDL:** A facility has been provided to Participants/ Custodians wherein the securities made available in the pool account shall be automatically utilized towards the pay-in delivery obligations. The letter format to be provided to NCL is provided in Part C (7) of circular 73999 dated April 30, 2026.

b. **Client direct payout facility:** In order to avail the facility of crediting the payout of securities directly to clients account, Participants/ Custodians are required to provide a file in the specified format containing details of the beneficiary accounts to which direct credit is to be given. The format for the file to be uploaded is provided in Part C (8) of circular 73999 dated April 30, 2026.

c. **Preferred Depository:** The "Facility of directing the pay-out to Preferred Depository" has been extended to the Participants of Securities Lending and Borrowing Scheme for SLB first
leg and SLB reverse leg settlement. Participants desirous of availing the same needs to give request as mentioned in Part C (9) of circular 73999 dated April 30, 2026.

32. What Transaction charges are applicable in SLBS?

Currently the transactions charges are waived off till further notice.

33. Will the lending/borrowing of securities under the Securities Lending Scheme will amount to "transfer" under clause (47) of section 2 of the Income-tax Act (Act) in the hands of the lender?

As per the clarification from Income Tax vide their circular no. 2/2008, dated 22-2-2008 transactions done in the SLB shall not be regarded as transfer. For further details, please refer circular no. 2/2008, dated 22-2-2008 of the income tax department.

34. What are the transactions charges & STT applicable for SLB?

Currently, there are no transaction charges and STT is not levied in case of SLB transactions as specified in circular no. 2/2008, dated 22-2-2008 of the income tax department.

35. What is the content of SOTD file and by what time the file is downloaded to the members?

a. The SOTD file contains the position details. The information is provided trade wise.
b. The content of the file can be referred from Part (D) (3) (4) of circular no. 73999 dated April 30, 2026.
c. The Provisional file is downloaded to the member on T Day by 6 pm whereas the Final file is downloaded to the member on T+1 day by 11 am.
d. An Additional file SOTD_1 is additionally provided which is a replica of SOTD file, with an additional column for rollover indicator. This column contains the month information which intimates, till which month the rollover is allowed for the respective position.

36. What details does SLB_DIV_MEM_ddmmyyyy file contains?

The mentioned file contains details pertaining to dividend receivable to the lender and dividend payable by the borrower. The content of the file can be referred from Part (D) (18) of circular no. 73999 dated April 30, 2026.

37. Will there be internal shortage in SLBM? What is the procedure for conducting internal auction?

SLBM is settled on a gross basis. There is no netting, hence internal shortages do not arise. For the quantity short delivered, the same is subject to close out. There is no internal auction.

38. Can I square off borrow and lend transactions in the same UCC?

SLBM is settled on a gross basis. Accordingly, if a member puts in lend transaction in a security and later borrow transaction in same security, there is no netting. All lend transactions must be delivered. Short delivery thereof, is subject to close out.

39. Is there any penalty levied in SLB Scheme?

NCL consolidated circular -NCL/CMPT/73999 -Part B Item 17- Penalties provides the list of penalties applicable for SLB Scheme and details around the same.

- Penalty for Position limit violation
  Penalty for Security pay-in shortage

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- Penalty for Funds pay-in shortages.
- Penalty for Margin violation

40. What is 'R3' Series in SLB scheme?

NCL introduced shorter tenure contracts only for stocks eligible for trading in Equity Derivatives Segment which is identified as 'R3' series. These contracts are daily available for trading only in stocks which are eligible in Equity derivative segment i.e. F&O stocks. The shorter tenure contracts shall not be foreclosed in the event of AGM/EGM. Facility of Repay/Recall/Rollover shall not be applicable to shorter tenure contracts.

41. Do we have a new settlement type for Trades executed in R3 series?

No, there is no separate settlement type for R3 series, the first leg of the trades executed in R3 will be settled under Settlement type 'L'.

The reverse leg settlement for R3 series will continue to be settled under Settlement type 'P'. any Shortages arising in Reverse leg settlement of R3 series shall be settled in Settlement type 'Q'.

42. How does the settlement cycle for 'R3' series function?

The settlement schedule for First Leg Settlement for the R3 series continue to be conducted under Settlement Type 'L' .There is no change in the Settlement pay-in timings for all settlement types i.e. 'L', 'P' and 'Q'.

43. Which securities will be eligible for the R3 series?

R3 series shall be eligible for securities which are available for trading in Equity Derivative Segment only.

44. How is the R3 settlement cycle different from the existing SLB monthly contracts?

1. The existing contracts in SLB are monthly contracts having the reverse leg settlement/expiry on First Tuesday of the month. R3 series would enable the client/broker to trade on T Day, and the settlement shall be scheduled on T+3 days (excluding settlement holidays)
   For example, you trade in any X series vis a vis trading in R3 series on August 17, 2026.Trades in R3 series would be settled and closed on August 20, 2026, however any other series for e.g. X9 or XO will be settled and closed on September 01,2026 and October 06, 2026
2. R3 series is only available in F&O Stocks, and the other monthly contracts are available across F&O stocks, eligible Non-F&O stocks and Eligible ETFs as well.
3. There is no Repay, Recall and Rollover facility in R3 series

45. Can a participant execute Repay/Recall/Rollover for position in R3 contract?

No, the facility to recall, repay or rollover is not available for positions in R3 contracts.

46. Will an R3 contract be foreclosed if an AGM/EGM takes place during the contract period?

Positions in R3 contracts will not be foreclosed for an AGM/EGM announcement.

47. Will an R3 contract be foreclosed if we have a Bonus/Rights /merger announcement during the contract period?

Positions in R3 contracts will be foreclosed in the same manner as positions in the other series/monthly contracts.

48. I have positions in R3 series for a stock and there is a dividend/stock Split announced on the said stock. The Ex-date falls between the trade date and before the reverse leg settlement day of the said contract.

NCL will continue to adjust and provide benefit to Lenders for the dividend and stock split on Ex-date for all open positions in R3 series as well as it currently does for the other series.

49. Will there be any change in market timings for R3?

No. The existing SLB provisions relating to market timings will continue to apply.

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50. Is Shut period applicable for R3 series?

Yes. The provisions made applicable to existing monthly contracts continues to be applicable to R3 series as well.

51. Will margin requirements be different for R3?

The existing applicable margin provisions for the monthly contracts continues to apply to trades executed in R3 series as well.

52. Can a participant close the position in R3 series before the scheduled reverse leg settlement date?

No, the participant cannot suo moto close the position in R3 series before the reverse leg settlement date. The Participant can however provide EPI of securities for existing borrower position to have the margins released for the same. This is in line with the current practises for monthly contracts.

53. Is CP trades allowed for R3 series and what is the procedure for custodian confirmation at NCL?

All CP trades executed under R3 series will be provided to custodians for confirmation post market hours, the process of trade download to custodians and confirmation to be received from Custodians remains the same. Custodians are required to follow the existing process for custodian confirmation.

54. Is there any additional report being downloaded by Exchange or CC for the new series R3?

No, there is no change in report format and report nomenclatures. If the participant has traded in R3 series then the data in existing reports would contain data for R3 series as well.

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