**PART C**

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# Format of Model Clearing Member – Constituent (Custodial Participant) Agreement

1)  This agreement is made on this \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_, 200\_, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ registered as a Clearing Member (hereinafter called the Clearing Member) with NSE Clearing Ltd. (hereinafter called “NCL”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (hereinafter called “the Constituent ”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

Whereas

1. The constituent is a(n) \_\_\_\_\_\_\_ and desires to effect purchase or sale of securities in the Futures and Options segment of the National Stock Exchange of India Ltd. (here in after called “NSEIL”) through more than one trading members of  NSEIL and clear and settle such trades through Clearing member [who, in turn, agreed to clear and settle the trades executed by the constituent through a trading member or trading members], subject to the provisions contained in the Rules, Bye Laws and Regulations of NCL (Futures & Options Segment).
2. \_\_\_\_\_\_\_ is a Clearing Member of  NCL and is, inter alia, authorised to carry on the activities of clearing and settlement of deals, which are executed on the Futures & Options Segment of NSEIL by the trading member [who has appointed the Clearing Member to clear and settle his deals] or on  behalf of Constituents [who have appointed the Clearing Member to clear and settle their deals]
3. The Constituent has approached the Clearing Member to undertake clearing & settlement of deals and to discharge his duties and obligations towards NCL on his behalf and the Clearing Member, in turn, agreed to clear & settle the trades done by the constituent through a trading member or trading members subject to the provisions contained in the Rules, Bye Laws and Regulations of NCL (Futures & Options Segment) and the terms and conditions contained herein.
4. The parties to this agreement are desirous of reducing the terms and conditions agreed, in writing, as contained herein :

**Now, therefore, this agreement witnesseth as FOLLOWS:**

1. At the request of the Constituent and in consideration of the Constituent agreeing to pay certain fees and charges mentioned herein and abide by the terms and conditions contained in this agreement, Rules, Bye-Laws and Regulations of NCL and NSEIL, the Clearing Member hereby undertakes upon himself the obligations of clearing and settlement of the deals of the Constituent executed/ done, through one or more trading members, on the Futures & Options Segment of NSEIL and to do all the acts, deeds and activities arising from and/ or incidental to the clearing and settlement of such deals.
2. **Rights of the Clearing Member**

(1) The Clearing Member shall be entitled to demand/ receive from the Constituent such deposits in such form as he may specify from time to time.

(2) Without prejudice to the generality of the above, the Constituent shall place with the Clearing Member an amount of Rs.\_\_\_\_ as deposit which shall be maintained at any point of time. Subject to the provisions of Bye Laws, Rules and Regulations of NCL/NSEIL, in case of any shortfall in such deposit, the Clearing Member shall be entitled to initiate any action necessary to protect his interests in this regard against the Constituent.

(3) The Clearing Member shall be entitled to receive such fees, charges, or commission, in respect of various services which he renders or agrees to render to the Constituent, from the Constituent at such intervals as may be mutually agreed upon.

(4) The Clearing Member shall specify, subject to the requirements prescribed by NCL from time to time, the exposure margins up to which open positions can be taken by the Constituent. Such limits may be increased or reduced by the Clearing Member from time to time. The Clearing Member shall have the authority to initiate any action necessary to protect his interests in this regard, which may, inter alia, include restriction on further trading and closeout of open positions of the Constituent.

(5) The Clearing Member shall be entitled to collect from the Constituent, margin(s) of such amounts of such kinds, as he may deem necessary, which at any point of time shall not be less than the amount stipulated by NCL from time to time. The Clearing Member shall have authority to collect such additional margin(s) as the Clearing Member may deem necessary or as per the requirement of NCL.

(6) The Clearing Member shall be entitled to receive from the Constituent such amounts as may be required to be paid towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, as per the requirement of NCL.

(7) The Clearing Member shall have authority to close out/ liquidate the open positions of the Constituent in accordance with the Rules/ Byelaws and Regulations of NCL, in the case of non-payment of dues by the Constituent towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contract, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, , commission and/ or charges, by making necessary requests to NSEIL/ NCL for initiating such action. In such case, any loss arising due to the closing out of open positions shall be payable by the constituent and will be recovered from the Constituent by the clearing member.

(8) The Clearing Member shall have the right to inspect the books of accounts, records, documents and computerised data of the Constituent for which the Clearing Member shall have free access to the premises occupied by the Constituent or by any other person on his behalf.

**3.   Obligations of the Clearing Member**

(1) The money deposited by each Constituent shall be kept in a separate account by the Clearing Member, distinct from his own account and shall provide the details of margins collected for the trades executed by the constituent, to NCL as per the requirements of NCL. .

(2) The Clearing Member shall inform the Constituent about the exposure margins (including any increase or reduction in such limits) upto which open positions can be taken by the Constituent.

(3) The Clearing Member shall be liable to pay to the Constituent any amount becoming due and receivable by the constituent towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the requirements of NCL.

(4) The Clearing Member shall be required to refund any excess margin money to the Constituent as per mutual agreement.

(5) The Clearing Member may settle the accounts on a periodical basis, if mutually agreed between the Clearing Member and the Constituent, which should be in accordance with the Byelaws, Rules & Regulations of NCL.

(6) In the event of default by the Clearing Member or hisbeing declared a defaulter by NSEIL/ NCL, the amount paid by the Constituent and got deposited with NCL shall remain safe and shall not be utilised to meet the Clearing Member’s ownliabilities and/ or the liabilities of his other Constituents. In such cases, the Clearing Member shall render all assistance to the Constituent for transfer of Constituent ’s positions to some other Clearing Member, if such event occurs.

(7) In the event of failure by the Clearing Member in the payment of any dues to the NCL as well as the Constituent, the Constituent shall, with the prior approval of NCL, have the right to transfer his own open positions immediately to another Clearing Member.   The Clearing Member shall be obliged to pay to the Constituent for any costs incurred for transfer of the open positions, if such event occurs.

(8) In case the Clearing Member is declared a defaulter by NSEIL/ NCL, and the Constituent transfers his open positions to some other Clearing Member, the Clearing Member shall be obliged to pay for any costs incurred for transfer of the open positions.

(9) If due to the default of the Clearing Member, the open positions of the Constituents are closed-out and any loss is incurred due to such close-out, the Clearing Member shall reimburse such loss to all the Constituents except to the Constituents because of whom the Clearing Member has defaulted.

(10)The Clearing Member shall treat the information pertaining to the Constituent as confidential. The Clearing Member shall not disclose the same to any other person except to the governmental, statutory, regulatory or legal authorities on a request made by these authorities in writing.

(11)The Clearing Member shall be required to provide reports/ statements of mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of options contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions to the Constituent, for such period as may be mutually agreed.

**4.         Rights of the Constituent**

(1) The Constituent shall be entitled to have all the deals, executed through any Trading Member or Trading Members on the Futures & Options Segment of NSEIL, cleared and settled through the Clearing Member.

(2)  The Constituent shall be entitled to receive intimation from the Clearing Member about the exposure margins (including any increase or reduction in such limits) upto which open positions can be taken by the Constituent.

(3) The Constituent shall be entitled to receive reports/ statements of mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions from the Clearing Member, for such period as may be mutually agreed.

(4) The Constituent shall be (liable) entitled to (pay to) receive from the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the requirement of NCL.

(5) In the event of the Clearing Member being declared a defaulter by NCL, the Constituent, except the Constituent because of whom the Clearing Member has defaulted, shall be entitled to transfer his open positions to some other Clearing Member and recover any costs incurred for such transfers from the Clearing Member.

(6) In the event of failure by the Clearing Member in the payment of any dues to NCL as well as the Constituent, the Constituent shall, with the prior approval of NCL have the right to transfer his own open positions immediately to another Clearing Member. The Constituent shall also have the right to recover from Clearing Member any costs incurred for transfer of the open positions.

(7) In case the open positions of the Constituents are closed-out due to the default of the Clearing Member, the Constituent, except the Constituents because of whom the Clearing Member has defaulted, shall be entitled to recover such loss from the Clearing Member.

**5.         Obligations of the Constituent**

(1) The Constituent shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time.

(2) Without prejudice to the generality of the above, the Constituent shall place with the Clearing Member an amount of Rs.\_\_\_\_ as deposit which shall be maintained at any point of time. Subject to the provisions of Bye Laws, Rules and Regulations of the NCL/ NSEIL, the Clearing Member shall be entitled to initiate any action necessary to protect his interest in this regard against the Constituent.

(3) The Constituent shall pay to the Clearing Member such fees, charges, or commission in respect of various services which he renders or agrees to render to the Constituent at such intervals as may be mutually agreed upon by them.

(4) The Constituent shall pay to the Clearing Member margins of such amounts as may be prescribed by NCL from time to time including additional margins, if any or such higher amount of margins as may be mutually agreed with the Clearing Member. The margins shall be deposited by the Constituent within such time and in such form as may be specified by the Clearing Member.

(5) The Constituent shall be liable (entitled) to pay to (receive from) the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the requirement of NCL.

(6) The accounts shall be settled on a periodical basis as may be mutually agreed between the Clearing Member and the Constituent.

(7) The Constituent shall be obliged to reimburse to the Clearing Members any loss caused due to the closing out / liquidation of his open positions initiated by the Clearing Member, on account of non-payment of dues by the Constituent towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, charges, commission, penalties and expenses, any other sum ,as per the requirement of NCL.

(8) The Constituent shall do all such acts, deeds and activities that are necessary for the purpose of strict compliance with the Rules, Bye Laws & Regulations of NSEIL/ NCL by the Clearing Member.

(9) If due to the default of the Constituent, the open position of the Constituent is closed-out and any loss is incurred due to such closeout, the Constituent shall be liable to reimburse such loss to the Clearing Member.

**6.  Termination of the Agreement**

The agreement entered into between the Clearing Member and the Constituent may be terminated by the parties by giving at least one month written notice to the other party or as may be mutually consented.  Such cancellation or termination shall not have any effect on transactions executed before the time and date of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such executed transactions.

**7.      Notice**

Any communication between the Clearing Member and the Constituent shall be made in any one or more of the following ways:

(a) an electronic mail or fax

(b) delivering it by post

(c) sending it by registered post

(d) sending it under certificate of posting

(e) sending it by express delivery post / courier services.

(f) sending it by telegram

(g) affixing it on the door at the last known business or residential address

(h) advertising it at least once in any prominent daily newspaper

**8.   Force Majeure**

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused and/or contributed to by any event of force majeure. For purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of governmental, statutory, regulatory or legal authority and such other acts or events beyond the control of the non-performing party.

**9.      No assignment**

Neither party shall be entitled to assign or otherwise transfer this agreement or any benefits, rights, obligations or interests herein whether in whole or in part to any other agency without the prior written consent of the other.

**10.  Non-waiver**

No forbearance, delay or indulgence by either party in enforcing the provisions of this Agreement shall prejudice or restrict the rights of that party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for either party is exclusive of any other right, power or remedy available to that party and each right, power or remedy shall be cumulative.

**11.  Arbitration**

(1) All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of the Agreement, shall in the first instance be resolved mutually by the parties.

(2) If the parties fail to resolve the same mutually, then the same shall be referred to the arbitration in accordance with the Rules, ByeLaws and Regulations of NCL.

**12.  Jurisdiction**

This agreement shall be subject to the exclusive jurisdiction of the courts in \_\_\_\_.

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**CLEARING MEMBER** :

By                                                        :

Signature                                              :

Title                                                      :

Witness                                                :

Signed for and on behalf of

**CONSTITUENT** :

By                                                        :

Signature                                              :

Title                                                      :

Witness                                                :

# Theoretical futures price calculation model

**Theoretical futures price calculation model**

The theoretical price of a futures contract shall be computed as per the following formula:

1. **For futures contracts**

F = S \* e rt

where:

F = theoretical futures price

S = value of the underlying index/individual security

r = rate of interest (MIBOR)

t = time to expiration

Rate of interest may be the relevant MIBOR rate or such other rate as may be specified.

# Example of netted obligation computation

1. Obligation in Capital Market Segment

| **CM Code** | **TM Code** | **Client Code** | **Symbol** | **Buy Qty** | **Buy Value** | **Sell Qty** | **Sell Value** | **Obligation in CM Segment** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity to +Receive / -Deliver** | **Amount +Receivable / -Payable** |
| M00001 | TM1 | AAA | XYZ | 0 | 0 | 80 | 20400 | -80 | 20400 |
| M00001 | TM1 | BBB | XYZ | 80 | 20400 | 0 | 0 | 80 | -20400 |
| M00001 | TM1 | CCC | XYZ | 0 | 0 | 100 | 25500 | -100 | 25500 |
| M00001 | TM2\* | DDD | XYZ | 0 | 0 | 80 | 20400 | -80 | 20400 |

1. Obligation in Futures & Options Segment

| **CM Code** | **TM Code** | **Client Code** | **Symbol** | **F&O Positions on Expiry** | | | | | **Obligation in F&O Segment** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Option Type** | **Long Qty** | **Short Qty** | **Strike Price** | **Set Price** | **Quantity to +Receive / -Deliver** | **Amount +Receivable / -Payable** |
| M00001 | TM1 | AAA | XYZ | CE | 100 |  | 250 | 260 | 100 | -25000 |
| M00001 | TM1 | BBB | XYZ | CE |  | 100 | 250 | 260 | -100 | 25000 |
| M00001 | TM1 | CCC | XYZ | CE | 100 |  | 250 | 260 | 100 | -25000 |
| M00002 | TM2\* | DDD | XYZ | CE | 100 |  | 250 | 260 | 100 | -25000 |

\*TM2 is clearing through different Clearing member in CM and F&O segment

1. Netted Obligation
2. At Client Level

| **CM Code** | **TM Code** | **Client Code** | **Obligation in CM Segment** | | **Final Obligation in F&O** | | **Netted Obligation** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** |
| M00001 | TM1 | AAA | -80 | 20400 | 100 | -25000 | 20 | -4600 |
| M00001 | TM1 | BBB | 80 | -20400 | -100 | 25000 | -20 | 4600 |
| M00001 | TM1 | CCC | -100 | 25500 | 100 | -25000 | 0 | 500 |
| M00001 | TM2 | DDD | -80 | 20400 | 0 | 0 | -80 | 20400 |
| M00002 | TM2 | DDD | 0 | 0 | 100 | -25000 | 100 | -25000 |

1. At TM Level

| **CM Code** | **TM Code** | **Obligation in CM Segment** | | **Final Obligation in F&O** | | **Netted Obligation** | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** |
| M00001 | TM1 | -100 | 25500 | 100 | -25000 | 0 | 500 |
| M00001 | TM2 | -80 | 20400 | 0 | 0 | -80 | 20400 |
| M00002 | TM2 | 0 | 0 | 100 | -25000 | 100 | -25000 |

1. At CM Level

| **CM Code** | **Obligation in CM Segment** | | **Final Obligation in F&O** | | **Netted Obligation** | |
| --- | --- | --- | --- | --- | --- | --- |
| **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** | **Quantity to + Receive / -Deliver** | **Amount + Receivable / -Payable** |
| M00001 | -180 | 45900 | 100 | -25000 | -80 | 20900 |
| M00002 | 0 | 0 | 100 | -25000 | 100 | -25000 |

# List of designated Clearing Banks and branches

|  |  |  |
| --- | --- | --- |
| Clearing Bank | Address | Contact Person & Numbers |
| AXIS BANK LTD. | Capital Market Division, Jeevan Prakash Building, Sir P.M. Road, Fort, Mumbai - 400 001 | **Mr. Naresh Devadiga Vice President (Division Head)** Contact no.: 022 40867501/02/ 9869721413 [Email id: naresh.devadiga@axisbank.com](mailto:Email%20id:%20ketan.dani@axisbank.com)  **Mr. Deepak Gokhe Assistant Vice President** Contact no.: 022 40867511/10/ 09820825867 [Email id: deepak.gokhe@axisbank.com](mailto:Email%20id:%20deepak.gokhe@axisbank.com)  **Mr. Ajit Dhavan Assistant Vice President** Contact no.: 022 40867506/ 09820118777 [Email id: ajit.dhawan@axisbank.com](mailto:Email%20id:%20ajit.dhawan@axisbank.com) |
| BANK OF INDIA LTD. | Phiroze JeeJeebhoy Tower  (New Stock Exchange Building) Dalal Street Fort,  Mumbai-400001 | **Kush Ganhotra**  **Assistant General Manager**  Contact no.: 022 22722400/ 9969574917  Email ID: [Kush.Ganhotra@bankofindia.co.in](mailto:Kush.Ganhotra@bankofindia.co.in)  **Rajat Tripathi**  **Senior Manager** Contact no.: 22721623/ 9820624607 Email ID: [Rajat.Tripathi@bankofindia.co.in](mailto:Rajat.Tripathi@bankofindia.co.in) |
| CANARA BANK LTD. | 14th Floor, Maker Tower ,  E Wing, Cuffe Parade,  Mumbai - 400005 | **Arjun Kumar Senior Manager** Contact No.: 022 22023170/ 8418896525 Email: [managercb2426@canarabank.com](mailto:managercb2426@canarabank.com)  **Manoj Kumar Das**  **Deputy General Manager**  Telephone- 022 22163199  Mobile- 9955825057  Email ID: [manojkumard@canarabank.com](mailto:manojkumard@canarabank.com) |
| CITIBANK N.A. | Nirmal Building, Barrister Rajni Patel Marg, Next to Empress Tower & CR2, Mall, Nariman Point  Mumbai-400021 | **Gunesh Tamhane**  **Senior Vice President**  Contact No.: 022 6175 7075/ 9820414428  Email:[gunesh.tamhane@citi.com](mailto:gunesh.tamhane@citi.com)  **Amit Sarda**  **Vice President**  Contact No.: 022 4234 3344/ 075061 94822 Email: [amit.sarda@citi.com](mailto:amit.sarda@citi.com) |
| THE HONGKONG & SHANGHAI BANKING CORPORATION LTD. | The Hongkong and Shanghai Banking Corporation Limited, 1st floor, 16 Veer Nariman Road, Fort, Mumbai – 400001 | **Rajendra Naik Senior Vice President Financial Institutions Group - Client Services**  Contact No.: 022 61640377/ 9820414281  Email: [rajendranaik@hsbc.co.in](mailto:rajendranaik@hsbc.co.in)  **Vipin Dorlikar**  **Vice President Financial Institutions Group - Client Services** Mobile: +91 9004 867 369 E-mail: [vipindorlikar@hsbc.co.in](mailto:vipindorlikar@hsbc.co.in) |
| ICICI BANK LTD. | ICICI Bank Ltd (Capital Markets Group)  1st Floor, 122, Mistry Bhavan  Dinshaw Vachha Road  Backbay Reclamation, Churchgate  Mumbai – 400 020 | **Sanjay Dsouza**  **Chief Manager**  Contact No.: 022 66674107/ 9820532036  Email: [sanjay.dsouza@icicibank.com](mailto:sanjay.dsouza@icicibank.com)  **Jayashree K**  **Head - Operations**  Contact No.: 02266672005/7400086991  Email: [jayashree.k@icicibank.com](mailto:jayashree.k@icicibank.com) |
| HDFC BANK LTD. | 2nd Floor, Trade World  "A" Wing, Kamala Mills Lower Parel (w) Mumbai- 400013 | |  | | --- | | **Tanmay Mathkar Vice President -Capital Market Operations** Contact: 022 30753298/ 9339838461 Email: [Tanmay.Mathkar@hdfcbank.com](mailto:Tanmay.Mathkar@hdfcbank.com) |   **Chetan Anam Vice President -Capital Market Business** Contact: 02224988484 Extn 3676/ 9323292987 Email: [chetan.anam@hdfcbank.com](mailto:chetan.anam@hdfcbank.com) |
| IDBI BANK LTD. | Corporate Centre, Mumbai  IDBI Towers  World Trade Center Complex  Cuffe Parade, Colaba  Mumbai 400005 | **Rajkumar Reddypalle Deputy General Manager** Tel: 02266700501/ 9029022573  Email ID: [r.rajkumar@idbi.co.in](mailto:r.rajkumar@idbi.co.in)  **Khawar Hasnain Asst. General Manager** Contact No.: 022 66700531/ 9933024784  Email ID: [khawar.hasnain@idbi.co.in](mailto:khawar.hasnain@idbi.co.in) |
| INDUSIND BANK LIMITED | 5th floor, PNA House, Plot No. 57, Street No. 17,  MIDC, Andheri (East), Mumbai 400093 | **Hetal Divanji Senior Vice President** Contact No.: 022 610693963/ 9820062805 Email ID: [hetal.divanji@indusind.com](mailto:hetal.divanji@indusind.com)  **Kaushik Chatterjee Associate Vice President**  Contact: 022 61069318/ 9920209335  Email ID: [chatterjee.kaushik@indusind.com](mailto:chatterjee.kaushik@indusind.com) |
| KOTAK MAHINDRA BANK LTD. | Financial Institutions Group, 3rd Floor, 27 BKC, Plot No. C-27, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 | **Sanjay Mehta**  **Vice President**  Contact No.: 02266052665/ 9820740277  Email ID: [sanjay.mehta@kotak.com](mailto:sanjay.mehta@kotak.com)  **Hrishikesh Parmar**  **Associate Vice President**  Contact: 02261660367/ 9769009293  Email ID: [manojkumar.gupta1@kotak.com](mailto:manojkumar.gupta1@kotak.com) |
| STANDARD CHARTERED BANK | Standard Chartered Bank  Crescenzo, 7th floor,  C 38/39 Block, Behind MCA Club,  Bandra Kurla Complex,  Bandra East, Mumbai 400051 | **Vyas Gurnani**  **Head - Domestic Payments & Change Management**  Contact No.: +91 9619654881  Email ID: [Vyas.Gurnani@sc.com](mailto:Vyas.Gurnani@sc.com)  **Yohan Palia**  **Asst. Manager - CMS**  Contact No.: 02248852087/ 9821282849  Email ID: [yohan.palia@sc.com](mailto:yohan.palia@sc.com) |
| UNION BANK OF INDIA | M S Marg Branch 66/80 Mumbai Samachar Marg, Fort, Mumbai 400023 | **Deepak Saxena**  **Asst. General manager**  Contact No.: 022-22629399/ 8655089549  [Email ID: deepak@unionbankofindia.com](mailto:Email-deepak@unionbankofindia.com)  **Rajen Madye Senior Manager**Contact No.: 022 22629332/ 9930835216 Email:[Rajan.madye@unionbankofindia.com](mailto:Rajan.madye@unionbankofindia.com) |
| STATE BANK OF INDIA | Capital Market Branch,  Mumbai Main Branch Building,  3rd  floor, Mumbai Samachar Marg, Horniman Circle, Mumbai 4000001 | **Neetha Shetty**  **Chief Manager**  Contact: 022 22719105/ 9987078973  Email: [neetha.shetty@sbi.co.in](mailto:neetha.shetty@sbi.co.in)  **Rohit Prakash Asst. General Manager** Contact No.: 022-22719100/ 9970038729  Email: [settlement.11777@sbi.co.in](mailto:settlement.11777@sbi.co.in) |
| YES BANK LIMITED | YES Bank Limited  Indiabulls Finance Centre Tower 2,  24th Floor, Senapati Bapat Marg, Elphinstone (W) Mumbai - 400013 | **Miss Kiran Shirke**  Assistant Vice President  Mobile : +917045472600  Tel : 022 33479038  Mail ID: [kiran.shirke@yesbank.in](mailto:kiran.shirke@yesbank.in)  **Mr. Deepak Jangid**  Vice President  Contact: 022 33479039/ 9619355680  Mail ID: [Deepak.jangid1@yesbank.in](mailto:Deepak.jangid1@yesbank.in)  **Mr. Rakesh Prabhakar**  Head - Capital Markets Group  Contact: 022 71009296  +91 9711436027  Mail ID: [Rakesh.prabhakar@yesbank.in](mailto:Rakesh.prabhakar@yesbank.in) |
| JPMorgan Chase Bank | J.P. Morgan Tower,  Off. C.S.T. Road,  Kalina,  Santacruz – East,  Mumbai 400098 | **Rahul Palan**  **Executive Director**  Contact No. +912261573752/ 9892513926  Email ID: [rahul.s.palan@jpmorgan.com](mailto:rahul.s.palan@jpmorgan.com)  **Gaurav Thanawala**  **Associate Vice President**  Contact No.: 02261573844/ 8779825665  Email ID: [gaurav.u.thanawala@jpmorgan.com](mailto:gaurav.u.thanawala@jpmorgan.com) |

The latest list of designated clearing banks and their contact details are available on the web-site, www.nseindia.com

# Format of authorisation letters to be submitted by the member for operation of Clearing Bank account

|  |  |
| --- | --- |
| **Purpose** | **Document to be submitted** |
| New Member Enablement  New Settlement Account | Letter as per 5.1 and 5.2 |
| Change in Settlement Account | Letter as per 5.1, 5.2, 5.3 and 5.4 |
| Closure of Settlement Account | Letter as per 5.5 |
| Name Change in Settlement Account | Letter as per 5.6 |

*5.1 FORMAT OF AUTHORISATION LETTER TO BE SUBMITTED BY THE MEMBER TO THE CLEARING BANK FOR OPERATION OF CLEARING ACCOUNT*

On Letter Head of Clearing Member

Date:

From: [Clearing Member name and address]

To: [Clearing bank name and address]

Dear Sirs,

**Sub: Operation of Clearing Bank for NSE Clearing Limited [Segment Name: ……..]**

Ref: Our Primary / Secondary\* Clearing Bank Account No:\_\_\_\_\_\_\_\_\_ with [Clearing Bank name & address]

With reference to the above, we note that:

1. NSE Clearing Ltd. has established a clearing and settlement system, whereby its members will be able to undertake the clearing and settlement of deals admitted.
2. The bank has been nominated / appointed as a Clearing Bank for the purpose of Clearing and Settlement by NSE Clearing Ltd.
3. As per the Byelaws, Rules and Regulations of NSE Clearing Ltd., the member shall authorise the Clearing Bank to access their clearing account for debiting & crediting their accounts as per the instructions received from NSE Clearing Ltd. from time to time. The member further shall authorise NSE Clearing Ltd. to debit the Clearing Bank Account for the purpose of appropriating the dues payable to Exchange, SEBI or such other regulatory authority as maybe specified from time to time.
4. Having due regard to the above, we hereby irrevocably authorise the Clearing bank to debit and credit our above referred clearing bank account from time to time as per the instructions received from NCL. Further, we authorise the Clearing Bank to report balances and other information relating to this account to NCL as may be required by NCL from time to time. This irrevocable undertaking will be with immediate effect.
5. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / decided by NCL.

Yours faithfully,

Authorised Signatory and Stamp

Name: Designation:

\* Strike out whichever is not applicable

**Acknowledgement from Bank**

Name of Bank :

Name & Designation of Official :

Sign and Stamp :

*5.2 ACCOUNT CONFIRMATION LETTER FROM CLEARING BANK TO CLEARING MEMBER*

On Letter Head of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Sub: - Confirmation of Account with our Bank

Dear Madam/Sir,

This is to certify that …………….. member holds the below mentioned bank accounts at …………………. Bank.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Account Name | Account Number | Account Opening date | Account Status | Branch Name & Address |
|  |  |  |  |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*5.3 FORMAT FOR NOC FROM CLEARING BANK TO CLEARING MEMBER FOR CHANGE OF BANK*

On Letter Head of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: NOC for Account Shifting

Dear Sir,

We hereby confirm that we have no objection whatsoever in shifting of below mentioned account of ………………… from our bank to any another bank.

|  |  |
| --- | --- |
| ACCOUNT NAME | ACCOUNT NUMBER |
|  |  |

Thanking you.

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*5.4 FORMAT OF REQUEST LETTER FROM CLEARING MEMBER TO CLEARING CORPORATION FOR CHANGE OF SETTLEMENT ACCOUNT*

On Letter Head Of Clearing Member

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: Request for change in bank account ….. (Member Code) ………. (Member Name)

Dear Sir/Madam,

We, request you to change our settlement A/c as per details given below with effect from ………. .

|  |  |
| --- | --- |
| Segment |  |
| Existing Account Name |  |
| Bank |  |
| Account Number |  |

|  |  |
| --- | --- |
| Segment |  |
| New Account |  |
| Name New Bank |  |
| New Account Number |  |

Enclosed:

1. Authorisation letter as per Annexure 3.1

2. Confirmation of Account Letter from Bank as per Annexure 3.2

3. NOC for existing bank for account shifting as per Annexure 3.3

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation

*4.5 FORMAT FOR NOC FOR CLOSURE OF EXISTING SETTLEMENT ACCOUNT FROM CLEARING MEMBER TO CLEARING CORPORATION*

On Letter Head Of Clearing Member

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Dear Sir/Madam,

Sub: - Request for NOC for Closure of Settlement Account ………. (Member Code) …………(Member Name)

We wish to close our account with ………….. bank having account number …………… As the account is mapped with NSE Clearing Ltd as settlement account we request for NOC. The details of account are as under:

|  |  |
| --- | --- |
| Segment |  |
| Account Name |  |
| Bank |  |
| Account Number |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*4.6 FORMAT FOR CHANGE OF NAME FROM CLEARING BANK TO CLEARING CORPORATION*

On Letter Head Of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: Name Change in Settlement Account

Dear Sir/Madam,

We wish to inform you that the ……………. has intimated us their change in name from M/s. (Old Member Name) to (New Member Name) and have requested us to confirm to you the continuation of the below stated accounts in their new name.

We therefore, hereby confirm that the accounts referred below on behalf of M/s.(Old Member Name) shall be deemed to have been in the new name (New Member Name) and shall continue to be valid and enforceable in spite of the change in name as above and we undertake to honour any claim or demand from you on account (New Member Name) either in the name of (Old Member Name) or (New Member Name).

|  |  |  |
| --- | --- | --- |
| Account No | Old Account Name | New Account Name |
|  |  |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

# Direct Payout to clients

* Clearing members shall be required to provide files in a specific structure (as detailed below) to the Clearing Corporation for effecting pay-out directly to the client’s beneficiary accounts.
* Additionally, the clearing member can provide own settlement account details if the clearing member intends to receive full or part pay-out of securities, which is not identified for direct client account pay-out, in the settlement account with specific depository. This information can be provided in the same file. The clearing member is required to provide depository participant ID and depository participant client ID if the settlement account is with NSDL or CM Settlement account number if the settlement account is with CDSL.
* The files would have to be sent by the clearing members to the Clearing Corporation by 9:30AM on the settlement day
* The files shall be uploaded by Clearing Corporation in its system and returned with the indication of the success/rejection of the file and the records. This shall be purely a validation of the correctness of the file and record formats.
* In case Clearing Members intend to modify the data in a file, which has been already submitted to Clearing Corporation, the Clearing Member would be having an opportunity to submit the full file after carrying out the modifications (before the cut off time announced by Clearing Corporation). With the submission of this full file the file submitted earlier shall be ignored and not considered. This would mean that the data provided in the latest batch shall be duly considered final and complete and the file submitted earlier shall be totally ignored.
* Clearing Members will have to submit all the files in a running sequence of batch numbers. If Clearing Members fail to submit an earlier batch file then the subsequent batches will not be processed. However, if the earlier file was completely rejected, the same batch number should be used for the subsequent corrected file.
* The total quantity of securities to be credited to the account of various constituents shall not exceed the net pay out by Clearing Corporation to the Clearing Member.
* The Clearing Members shall provide the details of beneficiary account of the clients in any one of the depositories.
* If for any record, the quantity requested to be credited to the account of the clients is more than the balance available for pay out to the Clearing Member in that depository, the quantity available in that depository shall only be directly credited to the constituent.
* Where the Clearing Members fail to provide the details of the beneficiary account or where the credit to the beneficiary accounts of the constituents fail, or any account whatsoever the remaining quantity received from other depository as pay out shall be credited to the CM Pool / Clearing account of the Clearing Member with the respective depositories
* The credit to the beneficiary account of the constituent shall be pursuant to the file and in conformity with the details provided by the Clearing Member requesting Clearing Corporation to directly credit the accounts of the constituent. Hence execution of such electronic instructions of passing the credit to the account of the constituents shall mean and be pay out to the Clearing Members
* Clearing Members shall be provided a return file after completion of pay out confirming the details of the accounts, which have been credited by the depositories (CM Pool a/c and or Beneficiary accounts).
* Clearing Corporation shall consider the data provided by the Clearing Members as final and correct and shall not be responsible for any incorrect data provided by the Clearing Members.
* The Clearing Members shall be fully responsible for any erroneous data provided to Clearing Corporation.
* The files must be placed in the extranet server in the directory, FAOFTP\CPD\upld.
* Where clearing members are unable to provide the data in respect of clients to Clearing Corporation for direct credit to the account of the clients the securities would be credited to the respective pool account of the members.

1. **File structure** **for** **Pay-out to Client**

File format: Comma Separated

Location: CPD\UPLD

Naming Convention of the file: CPD<SYYYYYYYD>.Xnn

CPD File type

S Settlement Type

YYYYYYY Settlement Number

D Delivery Type

X File Indicator – Following values may be there

*T File coming from the member*

*S Success File sent to the members*

*R Reject File sent to the members*

nn Batch number (is a running sequence)

**Control record Format:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Mandatory/ Optional** | **Description** |
| 1. | Record Type | CHAR(2) | Mandatory | Value = 10 |
| 2. | File Type | CHAR(3) | Mandatory | Value = CPD |
| 3. | Member Type | CHAR(1) | Mandatory | 'M' For Clearing Member  'C' - For Professional Clearing Member |
| 4. | Member Code | CHAR(5) | Mandatory | Primary Member Code |
| 5. | Settlement type | CHAR(1) | Mandatory |  |
| 6. | Settlement number | CHAR(7) | Mandatory |  |
| 7. | Delivery Type | CHAR(1) | Mandatory |  |
| 8. | Batch Number | NUMBER(2) | Mandatory | Batch Number in running sequence |
| 9. | Total No. of Records | NUMBER(7) | Mandatory | Total number of records in file |
| 10. | Total quantity | NUMBER(9) | Mandatory |  |

**Detail Record Format**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Mandatory/ Optional** | **Description** |
| 1. | Record Type | CHAR(2) | Mandatory | Value = 20 |
| 2. | Depository Id | CHAR(5) | Mandatory | Value = NSDL / CDSL |
| 3. | ISIN |  | CHAR(12) |  |
| 4. | Beneficiary Account No | CHAR(16) | Mandatory | In case of CDSL the Beneficiary a/c. In case of NSDL the 1st 8 digit shall be the DP Id and the next 8 digits shall be the beneficiary a/c, in that order |
| 5. | Quantity | Number (9) | Mandatory |  |

# Format of uploading securities pay-in/pay-out shortages

Clearing members may note the below:

* The file is to be uploaded only in case of securities Pay-in / Pay-out shortages (including internal shortages).
* Clearing members may upload the file in respective segment or in any one of the segments as a single file.
* Members need to ensure the correctness of details of client UCC in UCI database.
* The files in the specified format shall be uploaded by the members to the clearing corporation till S+5 working day basis, where ‘S’ is the settlement date for the respective settlement.
* For every valid file uploaded by clearing member, return file shall be generated with the indication of the success/rejection of the file and the records. This shall be purely a validation of the correctness of the file format.
* In case clearing members intend to modify the data in a file, which has been already submitted to Clearing Corporation, the clearing member would be having an opportunity to submit the revised file after carrying out the modifications before the cut-off date.
* Clearing members will have to submit all the files in a running sequence of batch numbers across segments. If clearing members fail to submit an earlier batch file then the subsequent batches will not be processed. However, if the earlier file was completely rejected, the same batch number should be used for the subsequent corrected file.
* Clearing Corporation shall consider the data provided by the clearing members as final and correct and shall not be responsible for any incorrect data provided by the clearing members. Clearing Members shall be fully responsible for any erroneous data provided to Clearing Corporation.
* Members should note that non-reporting/ wrong reporting shall be treated as a noncompliance
* Members are required to report only one entry for same market type, settlement number, UCC, ISIN, symbol and transaction type in the shortage file. In case the member reports multiple entries, the last reported entry shall be considered

File format for reporting of securities Pay-in / Pay-out shortages data by Clearing members

File format: Comma Separated (csv)

*Location on extranet: /<MemberCode>/SEC\_SHRT/Upld*

Naming Convention of the file: Shortage\_reporting\_ddmmyyyy.Xnn

where,

ddmmyyyy = Settlement date

X = File Indicator (T = File coming from the member, S = Success File sent to the members, R = Reject File sent to the members)

nn = incremental batch no. for settlement date starting with ‘01’

**Control record Format:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Mandatory/Optional** | **Description** | **Expected sample value** |
| 1. | Record Type | CHAR(2) | Mandatory | Value = 10 | 10 |
| 2. | Settlement Date | DATE | Mandatory | Same as date in filename | DDMMYYYY |
| 3. | Total No. of Records | Number(7) | Mandatory | Total number of records in file |  |

**Detail Record Format:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Mandatory/Optional** | **Description** | **Expected sample value** |
| 1. | Record Type | CHAR(2) | Mandatory | Value = 20 | 20 |
| 2. | Market Type | CHAR(2) | Mandatory | 01 -Normal  02 - T2T  03 – Auction  04 – SLBM  05 - Derivatives Delivery | 01 or 02 or 03 or 04 or 05 |
| 3. | Settlement No. | CHAR(8) | Mandatory | Example: XNNNNNNN  Where  X = Settlement Type  NNNNNNN = Settlement Number  Values for settlement type = N/W/A/L/P/F/D Description  N = Normal  W= Trade for Trade  A= Auction  P= Reverse Leg (SLB)  Q= Reverse Leg Auction (SLB)  F= Physical Settlement – Stock Derivatives  D=Auction of Physical Settlement – Stock Derivatives | N2018100 |
| 4. | Unique Client code (UCC) | CHAR(10) | Mandatory |  |  |
| 5. | ISIN | CHAR(12) | Mandatory |  |  |
| 6. | Symbol | CHAR(10) | Mandatory |  |  |
| 7. | Transaction Type | CHAR(1) | Mandatory | Value B /S (Description : Buy/Sell) | B or S |
| 8. | Quantity delivered short in the settlement including Internal Shortage (A) | Number (12,3) | Mandatory | 999999999.999 | Decimal not required if value is a whole number |
| 9. | Quantity cleared in subsequent auction by delivery by CC (B) | Number (12,3) | Mandatory | 999999999.999 | Decimal not required if value is a whole number |
| 10. | Quantity cleared in subsequent auction by close out by CC (C) | Number (12,3) | Mandatory | 999999999.999 | Decimal not required if value is a whole number |
| 11. | Balance to be reconciled - Qty settled by member internally (D)  (D = A – (B+C)) | Number (12,3) | Mandatory | 999999999.999 | Decimal not required if value is a whole number  If balance is zero, Reconciliation (E) shall be zero. |
| 12. | Reconciliation (E) | CHAR(1) | Mandatory | 1 - Purchased by member in own account  2 - Purchased by member in client account  0 - Nil quantity to reconcile | 1 or 2 or 3 |

Note:

1. Field 9 “Quantity cleared in subsequent auction conducted at CC” Members should report shortage quantity delivered by clearing corporation in auction including voluntary auction conducted by clearing corporation for internal shortages. Members are requested to refer circular NCL/CMPT/50275 dated November 11, 2021 for voluntary auction.

2. Field 10 “Quantity cleared in subsequently by close out by CC and member” Members should report quantity cleared by close-out done at clearing corporations and/or by member.

3. Field 12 “Reconciliation” Members should report either value 1 or 2 or 0 (1 - Purchased by member in own account or 2 - Purchased by member in client account or 0 – Nil quantity to reconcile)

List of error codes and in case of a failure of file or record shall be as under

|  |  |  |
| --- | --- | --- |
|  |  | **Control Record** |
| **Sr. No.** | **Reason Code** | **Description** |
| 1 | 11 | No of fields in Control record is not equal to 3 |
| 2 | 12 | Size of any of the fields in control records is greater than maximum allowed size. -Record type length : 2 - Batch date length : 8 (DDMMYYYY)  - Total records length : 7 (9999999) |
| 3 | 13 | Any field of control record is null |
| 4 | 14 | Value of control record type is not '10' |
| 5 | 15 | batch date in control record and date in file name does not match |
| 6 | 16 | Total number of records in file does not matches with 'Total records' field in file |
|  |  |  |
|  |  | **Data Record** |
| **Sr. No.** | **Reason Code** | **Description** |
| 1 | 21 | Total No of fields in data record is not equal to 12 |
| 2 | 22 | Size of any of the fields in control records is greater than maximum allowed size. -Record type length : 2  - Market Type length : 2  - settlement no length : 8 - Unique Client code length : 10 - ISIN length: 12 - Symbol length : 10 - Transaction Type length : 1 (B or S) - Quantity delivered short length : 12 (999999999.999) - Quantity cleared in subsequent auction length : 12 (999999999.999) - Quantity cleared in subsequent auction Quantity by close out by CC : 12 (999999999.999) - Balance to be reconciled : 12 (999999999.999) - Reconciliation flag length : 1 (0 or 1 or 2 or 3 or null) |
| 3 | 23 | Any field of data record is null except Reconciliation flag |
| 4 | 24 | Value of data record type is not '20' |
| 5 | 25 | Market Type not in (01,02,03,04,05) |
| 6 | 26 | Settlement Type not in (N,W,A,L,P,Q,F,D) |
| 7 | 27 | Settlement Number not valid |
| 8 | 28 | Symbol-ISIN combination not present in Securities table |
| 9 | 29 | Transaction Type not valid (other than B - Buy OR S - Sell) |
| 10 | 30 | validation for Short quantity, Auction quantity, closeout quantity & reconcile quantity for proper format(999999999.999) |
| 11 | 31 | validation : Reconcile quantity = Short quantity – (Auction quantity + Close out quantity) |
| 12 | 32 | Reconciliation flag value is invalid (other than 0,1,2,3 and null) |
| 13 | 33 | Client obligation validation (Obligation of client for given security on given settlement type and number is not valid) |
| 14 | 34 | File uploaded beyond stipulated time of S+5 days |

Example for Shortage Reporting

The examples below are only for understanding purpose. Members are requested to refer to the file format provided in the circular.

**Example 1:**

|  |  |
| --- | --- |
| Settlement Type | N |
| Settlement Number | 2020001 |
| TM Code | 12345 |
| UCC | C1 |
| Buy/Sell | Buy |
| Net Deliverable Quantity | 1000 |
| Quantity Short Delivered | 400 |
| Quantity traded in Auction | 300 |
| Quantity Closed Out | 100 |

|  |  |
| --- | --- |
| Record Type | 20 |
| Market Type | 01 |
| Settlement No. | N2020001 |
| Unique Client code (UCC) | C1 |
| ISIN | INE012X05555 |
| Symbol | ABCD |
| Transaction Type | B |
| Quantity delivered short in the settlement including Internal Shortage (A) | 400 |
| Quantity cleared in subsequent auction by delivery by CC (B) | 300 |
| Quantity cleared in subsequent auction by close out by CC (C) | 100 |
| Balance to be reconciled - Qty settled by member internally (D)  (D = A – (B+C)) | 0 |
| Reconciliation (E)\* | 0 |

**Example 2:**

|  |  |
| --- | --- |
| Settlement Type | N |
| Settlement Number | 2020001 |
| TM Code | 12345 |
| UCC | C2 |
| Buy/Sell | Sell |
| Net Deliverable Quantity | 500 |
| Quantity Short Delivered | 500 |
| Quantity traded in Auction | 500 |
| Quantity Closed Out | 0 |

|  |  |
| --- | --- |
| Record Type | 20 |
| Market Type | 01 |
| Settlement No. | N2020001 |
| Unique Client code (UCC) | C2 |
| ISIN | INE012X05555 |
| Symbol | ABCD |
| Transaction Type | S |
| Quantity delivered short in the settlement including Internal Shortage (A) | 500 |
| Quantity cleared in subsequent auction by delivery by CC (B) | 500 |
| Quantity cleared in subsequent auction by close out by CC (C) | 0 |
| Balance to be reconciled - Qty settled by member internally (D)  (D = A – (B+C)) | 0 |
| Reconciliation (E)\* | 0 |

**Example 3:**

|  |  |
| --- | --- |
| Settlement Type | N |
| Settlement Number | 2020001 |
| TM Code | 12345 |
| UCC | C3 |
| Buy/Sell | Sell |
| Net Deliverable Quantity | 500 |
| Quantity Short Delivered (Internal Shortage) | 500 |
| Quantity traded in Auction | 0 |
| Quantity Closed Out | 0 |
| Purchased by member in client account | 500 |

|  |  |
| --- | --- |
| Record Type | 20 |
| Market Type | 01 |
| Settlement No. | N2020001 |
| Unique Client code (UCC) | C2 |
| ISIN | INE012X05555 |
| Symbol | ABCD |
| Transaction Type | S |
| Quantity delivered short in the settlement including Internal Shortage (A) | 500 |
| Quantity cleared in subsequent auction by delivery by CC (B) | 0 |
| Quantity cleared in subsequent auction by close out by CC (C) | 0 |
| Balance to be reconciled - Qty settled by member internally (D)  (D = A – (B+C)) | 500 |
| Reconciliation (E)\* | 2 |

\*Reconciliation (E)

1 - Purchased by member in own account

2 - Purchased by member in client account

3 - Closed out by member

# List of Approved Banks for issuance of Fixed Deposits Receipts & Bank Guarantees

| **Sr. No** | **Bank Name** |
| --- | --- |
| 1 | AU SMALL FINANCE BANK\* |
| 2 | AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD. |
| 3 | AXIS BANK LTD\*# |
| 4 | BANDHAN BANK LTD |
| 5 | BANK OF AMERICA, N.A. |
| 6 | BANK OF BARODA |
| 7 | BANK OF INDIA |
| 8 | BANK OF MAHARASHTRA |
| 9 | BARCLAYS BANK PLC |
| 10 | BNP PARIBAS |
| 11 | CANARA BANK |
| 12 | CENTRAL BANK OF INDIA |
| 13 | CITIBANK N.A. |
| 14 | CITY UNION BANK LTD. |
| 15 | CREDIT SUISSE AG |
| 16 | DBS BANK LTD |
| 17 | DCB BANK LTD |
| 18 | DEUTSCHE BANK AG |
| 19 | EQUITAS SMALL FINANCE BANK LTD$ |
| 20 | FEDERAL BANK LTD\* |
| 21 | FIRST ABU DHABI BANK$ |
| 22 | HDFC BANK LTD\*# |
| 23 | HONGKONG AND SHANGHAI BANKING CORPORATION LTD\* |
| 24 | ICICI BANK LTD\*# |
| 25 | IDBI BANK LIMITED |
| 26 | IDFC FIRST BANK LTD\* |
| 27 | INDIAN BANK |
| 28 | INDIAN OVERSEAS BANK |
| 29 | INDUSIND BANK LTD\* |
| 30 | JAMMU & KASHMIR BANK LTD |
| 31 | JP MORGAN CHASE BANK, N.A. |
| 32 | KARNATAKA BANK LTD |
| 33 | KARUR VYSYA BANK LTD |
| 34 | KOTAK MAHINDRA BANK LTD\* |
| 35 | MIZUHO BANK LTD$ |
| 36 | MUFG BANK LTD |
| 37 | PUNJAB & SIND BANK |
| 38 | PUNJAB NATIONAL BANK |
| 39 | RBL BANK LTD\* |
| 40 | SOCIETE GENERALE |
| 41 | SOUTH INDIAN BANK LTD\* |
| 42 | STANDARD CHARTERED BANK\* |
| 43 | STATE BANK OF INDIA |
| 44 | SUMITOMO MITSUI BANKING CORPORATION\*$ |
| 45 | TAMILNAD MERCANTILE BANK LTD |
| 46 | UCO BANK |
| 47 | UJJIVAN SMALL FINANCE BANK LTD$ |
| 48 | UNION BANK OF INDIA |
| 49 | YES BANK LTD\* |

\* Bank issues FDR in electronic form

$ Only for issuance of Fixed Deposit Receipts

# Bank issues BG in electronic form

# [List of approved Custodians](#_List__of)

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No** | **Name of the Custodian** | **Address** | **Phone / Fax** |
| 1 | HDFC Bank Ltd. | Lodha I Think Techno Campus Alpha Building, 8th Floor Office Opp Crompton Greaves , Next to Kanjurmarg Railway Station ,Kanjurmarg – East,Mumbai - 400042 | Phone Nos :  022-30752877 Fax : 022-30752846 |
| 2 | Stock Holding Corporation of India Ltd. (SHCIL) | DP Operations (Pledge - NSCCL Margin) Plot no. P -51, T.T.C. Industrial Area, MIDC, Mahape Navi Mumbai 400 710 | Phone Nos.: 022-27785532 Fax :  022-61778533 |
| 3 | ICICI Bank Ltd. | Securities Market Services, Empire Complex, 1st Floor 414 Senapati Bapat Marg Lower Parel, Mumbai 400 013 | Phone Nos.: 022-66672005 022-66672082  04041056049 Fax :  022-66672740 |
| 4 | AXIS Bank Limited (AXIS) | Jeevan Prakash Building,  Sir P.M.Road,Fort,  Mumbai – 400 001 | Phone No -40867512/11  Fax No -40867541/42 |

# Format of letter requesting activation of account in Collateral Interface for Members application

Date:

The Manager

NSE Clearing Limited

Dear Sir/ Madam,

**Sub: Activation of account in Collateral Interface for Members Application**

We are interested in availing the facilities provided through the Collateral Interface for Members Application. We therefore request you to activate our account and provide us necessary access in the said interface.

Please find below the necessary details as required:

|  |  |  |
| --- | --- | --- |
| **S No** | **Particulars** | **To be filled by the Member** |
| 1. | Member Code |  |
| 2. | Member Name |  |
| 3. | Segment for which application is being made (Cash/F&O/Currency Derivatives/SLBS/DEBT) |  |
| 4. | Contact Person (The account details will be sent to this person) |  |
| 5. | Address for Communication with Pin Code |  |
| 6. | Phone Number with STD Code |  |
| 7. | Mobile number of contact person |  |
| 8. | Fax Number with STD Code |  |
| 9. | No of User Ids required |  |
| 10. | E-mail address |  |

We hereby authorize NSE Clearing Limited to act upon the instructions sent through the interface and we shall be solely responsible for any errors pertaining to data entry from our end.

We would request you to advise us the account details allotted to us for this purpose at the above mentioned address.

Yours sincerely,

Authorized Signatory

Name:

Designation:

Note:

1. Since the CIM application is common for CM, CDS, SLBS, DEBT and F&O segments, user accounts shall be common for members across the segments. Hence once enabled in a segment, member need not request for an account in other segment.
2. The benefit to /release of the total liquid assets shall be carried out subject to successful receipt of the request at the Clearing Corporation and the relevant policies as applicable from time to time.

# Format of letter to be provided by member for submission of FDR to custodian

(To be typed on member's letter head)

To Date:

Name & Address of custodian

Dear Sir,

As per requirements of NSE Clearing Limited (NCL) and in compliance of prescribed norms of NCL, I/we hereby furnish you:

**Deposit Type : □ Margin Deposit □ Security Deposit**

Accordingly, I hereby furnish you the same in the form of FDR favouring

”*Name of Custodian*” **A/c “** *Member Name***”**

**FDR No :**

**Bank Name :**

**Amount (INR) :** Rs (Rupees\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Only)

**Segment : □ Capital Market**

**□ Currency Derivatives**

**□ Futures & Options**

**□ Debt Market**

**Clearing Member Code** **:** **M / C\_\_\_\_\_\_**

**Trading Member Code :** \_\_\_\_\_\_\_\_

I/We hereby agree and consent that you shall have an irrevocable authority to encash the said FDR and to withdraw the said FDR amount at any time, even prior to maturity, without notice to me/us for recovery/adjustment of NCL dues and we have no objections whatsoever for the same.

I/We agree that you may renew the FDR for periods of one year each time till the FDR is released by you.

I/we agree that on the encashment of FDR, you will be entitled to the interest accrued on the said FDR and you are hereby authorised to receive the accrued interest from the Bank along with the principal amount (FDR amount) payable.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

# Format of letter by member for submission of FDR to Clearing Corporation

(To be typed on Member’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

As per requirements of NSE Clearing Limited (NCL) and in compliance of prescribed norms of NCL, I/we hereby furnish you :

**Deposit Type : □ Margin Deposit □ Security Deposit**

Accordingly, I hereby furnish you the same in the form of FDR favouring

**NSE Clearing Ltd A/c “** *Member Name***”**

**FDR No :**

**Bank Name :**

**Amount (INR) :** Rs (Rupees\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Only)

**Segment : □ Capital Market**

**□ Currency Derivatives**

**□ Futures & Options**

**□ Debt Market**

**Clearing Member Code** **:** **M / C\_\_\_\_\_\_**

**Trading Member Code :** \_\_\_\_\_\_\_\_

I/We hereby agree and consent that you shall have an irrevocable authority to encash the said FDR and to withdraw the said FDR amount at any time, even prior to maturity, without notice to me/us for recovery/adjustment of NCL dues and we have no objections whatsoever for the same.

I/We agree that you may renew the FDR for periods of one year each time till the FDR is released by you.

I/we agree that on the encashment of FDR, you will be entitled to the interest accrued on the said FDR and you are hereby authorised to receive the accrued interest from the Bank along with the principal amount (FDR amount) payable.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

# Format of letter to be provided by Bank issuing FDR to the custodian

(To be typed on bank’s letter head)

To Date:

Name & Address of the Custodian

Dear Sir,

We refer to the fixed deposit receipt (FDR) bearing no. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ issued for Rs.\_\_\_\_\_\_\_\_\_\_\_ ( Rs in words) in your name A/c. “Clearing *Member's name*”

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad and Hyderabad)

Yours faithfully,

**Authorised Signatory**

\_\_\_\_\_\_\_\_ Bank Ltd.

# Format of letter to be provided by Bank issuing FDR to the Clearing Corporation

(To be typed on bank’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

We refer to the fixed deposit receipt (FDR) bearing no. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ issued for Rs.\_\_\_\_\_\_\_\_\_\_\_ , ( Rs in words) in your name A/c *“Member's name”*

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad and Hyderabad)

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_ Bank Ltd.

# Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is change in FDR number

(To be typed on Bank’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza,C-1, Block G,

Bandra Kurla Complex,

Bandra (East)

Mumbai 400 51

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of NCL- A/c *“Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months under the auto-renewal facility on the request of the member. Details are as follows.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **New FDR No** | **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** | **New Interest Rate** |
|  |  |  |  |  |

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, and Hyderabad)
7. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

# Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is no change in FDR number

(To be typed on Bank’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza,C-1, Block G,

Bandra Kurla Complex,

Bandra (East) Mumbai 400 51

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of NCL - A/c *“Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months under the auto-renewal facility on the request of the member. Details are as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** | **New Interest Rate** |
|  |  |  |  |

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, and Hyderabad)
7. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

# Format of letter to be provided by bank for auto renewal of FDR to the custodian - when there is change in FDR number

(To be typed on Bank’s letter head)

To Date:

Name & Address of the Custodian

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of ”*Name of Custodian*” - A/c *“*Clearing *Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months under the auto-renewal facility on the request of the member. Details are as follows.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **New FDR No** | **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** | **New Interest Rate** |
|  |  |  |  |  |

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, and Hyderabad)
7. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

# Format of letter to be provided by bank for auto renewal of FDR to the custodian - when there is change in FDR number

(To be typed on Bank’s letter head)

To Date:

Name & Address of the Custodian

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of ”*Name of Custodian*” - A/c *“*Clearing *Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months under the auto-renewal facility on the request of the member. Details are as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** | **New Interest Rate** |
|  |  |  |  |

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, and Hyderabad)
7. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

# Format of Bank Guarantee for Margin Deposit and Security Deposit (Fungible)

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date :* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

To:

NSE Clearing Limited

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Dear Sirs:

This guarantee bearing No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a body corporate constituted under the Companies Act 1956, having its Head Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the “Bank” which term shall wherever the context so permits includes its successors and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NCL” which expression shall include its successors and assigns).

Whereas

a. Mr./Ms.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ s/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and having his/her office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include his/her successors and assigns) /\* is/are a Clearing Member of NCL.

OR

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include their successors and assigns ) /\* is/are a Clearing Member of NCL.

OR

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date :* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

M/s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_., incorporated as a company under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include its successors and assigns ) \* is/are a Clearing Member of NCL.

b. One of the conditions of Clearing Membership of NCL is that a Clearing Member may maintain with NCL \*security deposit/ margin deposit of a value of Rs. \_\_\_\_\_\_\_, inter alia, in the form of a bank guarantee issued by a bank approved by NCL, for the relevant clearing segment.

c. Since, the Bank is a bank approved by NCL and the bank guarantees issued by it are accepted by NCL, the Clearing Member has requested the Bank to furnish to NCL a guarantee for Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Therefore these presents:

1. This guarantee shall be governed by the terms and conditions of the Master Agreement dated \_\_\_\_\_\_\_\_ executed between the Bank and NCL and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.
2. The liability of the Bank under this guarantee shall not exceed Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
3. This Bank Guarantee is given at the request of the Clearing Member towards fulfilling the obligations/liabilities of the Clearing Member arising out of such clearing segment as may be determined by NCL from time to time without demur/protest or reference to the Clearing Member. The Bank agrees that the Clearing Member is admitted to the membership of various clearing segments of NCL and that the Bank Guarantee amount specified in the following clause is available for meeting the obligations/liabilities of any of the clearing segments to which the Clearing Member is admitted as a Clearing Member.
4. This guarantee shall be valid for a period of \_\_\_\_\_\_\_\_\_ months i.e. upto \_\_\_\_. However, the Bank is liable to pay the guaranteed amount if NCL serves upon Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_\_\_\_ (i.e. within \_\_\_ \_\_\_\_\_ after the date of expiry of the bank guarantee as mentioned in this clause).

Executed this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_

For \_\_\_\_\_\_\_\_(Bank)

Authorized Signatories

Seal of the Bank

\*Strike out whichever is not applicable

\*\* Type whichever is applicable

*Instructions:*

1. *The above printed format is required to be used. Strike out / delete Security Deposit or Margin deposit whichever is not applicable in clause b*
2. *The Bank Guarantee to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and stamp of the bank.*
4. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL*

# Format of Bank Guarantee for Margin Deposit and Security Deposit (Non Fungible)

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date :* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

To:

NSE Clearing Limited

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Dear Sirs:

This guarantee bearing No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a body corporate constituted under the Companies Act 1956, having its Head Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the “Bank” which term shall wherever the context so permits includes its successors and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NCL” which expression shall include its successors and assigns).

Whereas

a. Mr./Ms.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ s/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and having his/her office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include his/her successors and assigns) /\* is/are a Clearing Member of NCL.

OR

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include their successors and assigns ) /\* is/are a Clearing Member of NCL.

OR

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date :* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

M/s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_., incorporated as a company under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include its successors and assigns ) \* is/are a Clearing Member of NCL.

b. One of the conditions of Clearing Membership of NCL is that a Clearing Member may maintain with NCL \*security deposit/ margin deposit of a value of Rs. \_\_\_\_\_\_\_ ,inter alia, in the form of a bank guarantee issued by a bank approved by NCL, for **Futures and Options** Segment.

c. Since, the Bank is a bank approved by NCL and the bank guarantees issued by it are accepted by NCL, the Clearing Member has requested the Bank to furnish to NCL a guarantee for Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Therefore these presents:

1. This guarantee shall be governed by the terms and conditions of the Master Agreement dated \_\_\_\_\_\_\_\_ executed between the Bank and NCL and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.
2. The liability of the Bank under this guarantee shall not exceed Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
3. This Bank Guarantee is given at the request of the Clearing Member towards fulfilling its obligations/liabilities as a Clearing Member of NCL of **Futures and Options** Segment of NCL.
4. This guarantee shall be valid for a period of \_\_\_\_\_\_\_\_\_ months i.e. upto \_\_\_\_. However, the Bank is liable to pay the guaranteed amount if NCL serves upon Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_\_\_\_ (i.e. within \_\_\_ \_\_\_\_\_ after the date of expiry of the bank guarantee as mentioned in this clause).

Executed this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_

For \_\_\_\_\_\_\_\_(Bank)

Authorized Signatories

Seal of the Bank

\*Strike out whichever is not applicable

\*\* Type whichever is applicable

*Instructions:*

1. *The above printed format is required to be used. Strike out / delete Security Deposit or Margin deposit whichever is not applicable in clause b*
2. *The Bank Guarantee to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and stamp of the bank.*
4. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL*

# Format of Clearing Member Letter for submission of Fungible Bank Guarantee to Clearing Corporation

(To be typed on Member’s letter head)

Date:

To

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

As per requirements of NSE Clearing Limited (Formerly Known as National Securities Clearing Corporation Limited) (NCL) and in compliance of prescribed norms of NCL we have to furnish you security/margin deposit and accordingly furnishing you the same in the form of Bank Guarantee (BG No.\_\_\_\_) issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Bank (Bank) for Rs. \_\_\_\_\_\_\_\_ towards \_\_\_\_\_ segment.

This bank guarantee is given by the Bank at the request of me/us towards fulfilling the above conditions towards such clearing segment as may be intimated by me/us to NCL from time to time through such mode as specified by NCL from time to time.

I/We hereby agree and consent that you shall have an irrevocable authority to invoke the said bank guarantee and to withdraw the said bank guarantee amount at any time, even prior to maturity/ last claim period, without notice to me/us for recovery/adjustment of NCL dues and I/we have no objections whatsoever for the same.

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_ Member Code

# Format of renewal of bank guarantee towards Margin deposit and Security deposit

Date : \_\_\_\_\_\_\_\_\_\_\_

To,

NSE Clearing Limited (NCL)

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

We, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Bank) having our registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and our branch office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refer to the Bank Guarantee number : \_\_\_\_\_\_\_\_\_ executed by us on the \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_ at \_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “said guarantee”) on account of Mr. / Ms./ M/s. \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ having his/her/ its/registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as a ‘Clearing Member’) for a sum of Rs \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_only) in your favour.

The validity of the said guarantee was upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

With reference to the same we state as hereunder:

At the request of the Clearing Member, we extend the period of the validity of the said guarantee upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The said guarantee may be invoked by NCL in part(s) without affecting its rights to invoke the said guarantee for any liabilities that may devolve later.

Notwithstanding anything mentioned herein above,

1. the liability of the Bank under this guarantee shall not exceed Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only)
2. This guarantee shall be valid for a period of \_\_\_\_\_months i.e. upto \_\_\_\_\_\_\_\_\_\_\_\_\_.
3. The bank is liable to pay the guaranteed amount only if NCL serves upon the Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(i.e. within \_\_\_ months after the date of expiry of the bank guarantee as mentioned in clause b above).

We hereby affirm and confirm that save and except to the extent as provided for herein above, the said guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Executed this \_\_\_\_day of\_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_\_\_\_ (place).

FOR \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(BANK)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(BRANCH)

**AUTHORIZED SIGNATORIES**

SEAL OF THE BANK

*Instructions:*

1. *The above printed format is required to be used.*
2. *The Bank Guarantee to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and seal of the bank.*
4. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL.*

# Format of deed of pledge

* 1. *Format of deed of pledge for clearing members for deposit of securities for Security deposit*

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956/ 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a limited liability partnership firm registered under the Limited Liability Partnership Act, 2008 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a) The Clearing Member is admitted to the Clearing Membership of NCL.

b) One of the requirement of the clearing Membership is that the Clearing Member shall maintain with NCL security deposits in the form of cash, bank guarantees or securities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

c) The securities to be deposited by the Clearing Member shall be securities in dematerialised form and as may be approved by NCL from time to time to an extent of Rs. \_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) or of such value as may be specified by NCL from time to time.

d) The Clearing Members may deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time or in the alternative the Clearing Members may also make available the dematerialised securities by creating a pledge on the said securities with any depository participant in favour of NCL.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept approved dematerialised securities as a security deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only), or of such value as may be specified by NCL from time to time, the Clearing Member hereby pledges securities (hereinafter referred to as “Said Securities”) with NCL as security for due performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

2. The Clearing Member if so determined by NCL shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Clearing Member confirms, affirms and covenants with NCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Clearing Member.

3. In case where the Clearing member are not using the facility of such custodians acting as depository participants as may be determined by NCL from time to time, the clearing member’s shall ensure creation of pledge on said securities as per the depository mechanism by the depository participant where such securities are held

4. For the purpose of the clauses (1) (2) and (3), and for the purpose of this Deed, the term “Said Securities” shall mean all the securities lying in the Depository Account No. \_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Account”) with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with NCL by virtue of this Deed.

5. The Clearing Member declares and assures that all the Said Securities are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further that all the Said Securities over which pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that all the Said Securities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Clearing Member.

6. The Clearing Member agrees that he/it shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged except to NCL, that he/it shall not suffer any such charge, lien or encumbrance to affect the Said Securities or any part thereof and further that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to NCL in any manner without the prior written permission of NCL.

7. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialised form as formulated and determined by NCL, for security deposit either in their existing form or as modified/changed/altered /amended from time to time pursuant to requirement/ compliance of Clearing Membership.

8. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one working day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as security deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a days time and also due to the nature of transactions on NCL.

9. The Said Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.

10. The Clearing Member shall be released from his/its obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Said Securities.

11. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/it all expenses incurred by NCL/Custodian for the aforesaid purposes.

12. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.

13. The Clearing Member agrees that the deposit of the ‘Said Securities’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.

14. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause whatsoever, irrespective of whether the Said Securities shall be in the possession of the NSCCL or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Said Securities or in pursuance of the rights and powers of NCL under this Deed.

15. The Clearing Member undertakes that the deposit of the ‘Said securities’ and the pledge thereof shall be binding on him/it as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting his/its rights against him/it hereunder or in relation to the ‘Said securities’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named \*\*

Clearing Member.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

\*\* To be signed by

the Clearing member in case of individual.

all partners in case of a Partnership firm

by any two of the following persons in the case of a Company:

i. Managing Director

ii. Whole-time Director

iii. Directors

* 1. *Format of deed of pledge for other than Clearing Members for deposit of securities for security deposit*

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Pledgor” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

**WHEREAS**

1. Mr/Ms \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ s/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his/her/their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the Clearing Member, which expression shall include his/its successors and assigns)\*

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the Clearing member, which expression shall include their successors and assigns)\*

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Limited, incorporated as a company under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the Clearing member, which expression shall include its successors and assigns) \*

Is /are a Clearing member **Futures and Options** Derivatives Segment of the NCL.

1. One of the requirement of the Clearing Membership is that the Clearing Member shall maintain with NCL security deposits in the form of cash, bank guarantees or securities for the due performance and fulfilment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried on or entered into by him/it.
2. The securities to be deposited by the Clearing Member or any other person, as a security for such Clearing member shall be securities in dematerialised form and as may be approved by NCL from time to time to an extent of Rs. \_\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) or of such value as may be specified by NCL from time to time.
3. At the request of the Clearing member and as permitted by NCL, the Pledgor has agreed to offer securities in the dematerialised form as a security for the purpose of security deposit requirement as aforesaid.
4. The Pledgor shall deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time.

**NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:**

1. In consideration of the NCL having agreed to accept approved dematerialised securities as a security deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only), or of such value as may be specified by NCL from time to time, the Pledgor hereby pledges securities (hereinafter referred to as “Said Securities”) with NCL as security for due performance and fulfilment by the Clearing Member of all his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.
2. The Pledgor if so determined by NCL shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Pledgor may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Pledgor confirms, affirms and covenants with NCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which the Clearing Member owes as a Clearing Member of NCL.
3. For the purpose of the clauses (1) and (2), and for the purpose of this Deed, the term “Said Securities” shall mean all the securities lying in the Depository Account No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Account”) with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with NCL by virtue of this Deed.
4. The Pledgor declares and assures that all the Said Securities are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further that all the Said Securities over which pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that all the Said Securities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Pledgor.
5. The Pledgor agrees that he/she shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged except to NCL, that he/she shall not suffer any such charge, lien or encumbrance to affect the Said Securities or any part thereof, and further that he/she shall not do or allow anything to be done that may prejudice the Said Securities while he/she remains liable to NCL in any manner without the prior written permission of NCL.
6. The Pledgor agrees, declares and undertakes that he/she shall be bound and abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialised form as formulated and determined by NCL for security deposit, for its Clearing Members.
7. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Pledgor agrees that NCL on giving one working day notice to the Pledgor on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Pledgor shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Pledgor. The Pledgor understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as security deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a days time and also due to the nature of transactions on NCL.
8. The Said Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.
9. The Pledgor shall be released from his/its obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Said Securities.
10. The Pledgor agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/her all expenses incurred by NCL/Custodian for the aforesaid purposes.
11. The Pledgor agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.
12. The Pledgor agrees that the deposit of the ‘Said Securities’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.
13. The Pledgor agrees that NCL shall not be under any liability whatsoever towards the Pledgor or any other person for any loss, damage, expenses, costs, etc arising out of the deposit of the Said Securities in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities shall be in the possession of the NCL or not at the time of such loss or damage or the happening of the cause thereof. The Pledgor /Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Said Securities or in pursuance of the rights and powers of NCL under this Deed.
14. The Pledgor undertakes that the deposit of the ‘Said Securities’ and the pledge thereof shall be binding on him/her as continuing and that it shall not be prejudiced by the Pledgor /Clearing Members failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting its rights against him/ her hereunder or in relation to the ‘Said securities’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the date, month and year above mentioned.

**Signed, sealed and delivered by the within named**

Pledgor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

**3. *Format of deed of pledge for Clearing Members for deposit of securities for margin deposit***

*To Be Executed On Non Judicial Stamp Paper Of Rs.600/- Or In Accordance With The Prevailing Rates Applicable In The Place Of Execution, Whichever Is Higher.*

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956/ 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a) The Clearing Member is admitted to the Clearing Membership of NCL.

b) One of the requirement of the Clearing Membership is that the Clearing Member if desirous of availing additional exposure, shall maintain with NCL margin deposit in the form of cash, bank guarantees or securities for the due performance and fulfilment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

c) The securities to be deposited by the Clearing Member shall be securities in dematerialised form and as may be approved by NCL from time to time.

d) The Clearing Members shall deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time or in the alternative the Clearing Members may also make available the dematerialised securities by creating a pledge on the said securities with any depository participant in favour of NCL.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept approved dematerialised securities as margin deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_only), the Clearing Member hereby pledges securities(hereinafter referred to as “Said Securities”) with NCL as security for due performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

2. The Clearing Member if so determined by NCL shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Clearing Member confirms, affirms and covenants with NCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Clearing Member.

3. In case where the Clearing member are not using the facility of such custodians acting as depository participants as may be determined by NCL from time to time, the clearing member’s shall ensure creation of pledge on said securities as per the depository mechanism by the depository participant where such securities are held

4. For the purpose of the clauses (1) (2) and (3), and for the purpose of this Deed, the term “Said Securities” shall mean all the securities lying in the Depository Account No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Account”) with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with NCL by virtue of this Deed.

5.

1. In respect of the Said Securities owned by him / it, the Clearing Member declares and assures that they are in existence, owned by him/it and/or are free from any prior charge, lien or encumbrance and further that the Said Securities over which the pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that the Said Securities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Clearing Member.
2. The Clearing Member is permitted to pledge the securities owned by clients in accordance with the provisions of the SEBI Circular Ref: SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 and such other circulars issued by SEBI in this regard from time to time. Such pledged securities belonging to clients shall be dealt with by NCL in accordance with the provisions of the SEBI Circulars.

6. The Clearing Member agrees that he/it shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged except to NCL, that he/it shall not suffer any such charge, lien or encumbrance to affect the Said Securities or any part thereof, and further that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to NCL in any manner without the prior written permission of NCL.

7. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialised form as formulated and determined by NCL, for margins, considered as margin deposit, either in their existing form or as modified/changed/altered /amended from time to time pursuant to requirement / compliance of Clearing Membership.

8. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one working day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as margin deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a day’s time and also due to the nature of transactions on NCL.

9. The Said Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.

10. The Clearing Member shall be released from his/her obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Said Securities.

11. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/her all expenses incurred by NCL/Custodian for the aforesaid purposes.

12. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.

13. The Clearing Member agrees that the deposit of the ‘Said Securities’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.

14. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities shall be in the possession of the NCL or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Said Securities or in pursuance of the rights and powers of NCL under this Deed.

15. The Clearing Member undertakes that the deposit of the ‘Said securities’ and the pledge thereof shall be binding on him/them as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting its rights against him/ it hereunder or in relation to the ‘Said securities’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named \*\*

Clearing Member.

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

\*\* To be signed by

the Clearing member in case of individual.

all partners in case of a Partnership firm

by any two of the following persons in the case of a Company:

i. Managing Director

ii. Whole-time Director

iii. Director

# Covering Letter for registration of Demat account with NSDL for pledge

(To be typed on member's letter head)

To Date

NSE Clearing Ltd

Collaterals Department

Futures & Option Segment

Mumbai

Sub: Registration for placing securities as collateral

Dear Sir,

* We <<member name>> (Member Code) are clearing member in Futures & Option Segment and would wish to avail the facility to place securities as collaterals in Futures & Option Segment from our below-mentioned depository account
* Details of depository account

|  |  |  |
| --- | --- | --- |
| **DP ID** | **DP Name** | **Beneficiary account** |
|  |  |  |

* The securities shall be placed towards

|  |  |
| --- | --- |
| **Deposit Type** | Please mark “Y” or “N” |
| **Security Deposit** |  |
| **Margin Deposit** |  |

* We confirm that above mentioned account shall be solely used for the purpose of pledging securities in favour of NSE Clearing Limited (NCL)
* Following documents are enclosed herewith

1. Client master for above mentioned depository account
2. Pledge deed for security deposit *(Strike out if not applicable)*
3. Pledge deed for margin deposit *(Strike out if not applicable)*
4. List of authorized signatories who are authorized to sign deed of pledge

* We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / prescribed by NCL from time to time.

Yours faithfully

Authorised Signatory

<<Member name>>

<<Member Code>>

Encl – as above

# Covering Letter for registration of Demat account with CDSL for pledge

(To be typed on member's letter head)

To Date

NSE Clearing Ltd

Collaterals Department

Futures and Options Segment

Mumbai

Sub: Registration for placing securities as collateral

Dear Sir,

* We <<member name>> (Member Code) are member in capital market segment and would wish to avail the facility to place securities as collaterals in Futures & Options segment from our below-mentioned depository account
* Details of depository account

|  |  |
| --- | --- |
| **DP Name** | **Beneficiary account** |
|  |  |

* The securities shall be placed towards

|  |  |
| --- | --- |
| **Deposit Type** | Please mark “Y” or “N” |
| **Security Deposit** |  |

* We confirm that above mentioned account shall be solely used for the purpose of pledging securities in favour of NSE Clearing Limited (NCL)
* Following documents are enclosed herewith

1. Client master for above mentioned depository account
2. Pledge deed for security deposit *(Strike out if not applicable)*
3. Pledge deed for margin deposit *(Strike out if not applicable)*
4. List of authorized signatories who are authorized to sign deed of pledge

* We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / prescribed by NCL from time to time including payment of charges for the above facility.

Yours faithfully

Authorised Signatory

<<Member name>>

<<Member Code>>

Encl – as above

# Format of covering letter for margin pledge/Repledge

(To be typed on member's letter head)

To Date

NSE Clearing Ltd

Collaterals Department

Futures and Options Segment

Mumbai

Sub: Registration for placing securities using margin pledge facility

Dear Sir,

1. We <<member name>> (Member Code) are clearing member in Capital Market segment and would wish to avail the facility to place securities as collaterals using margin pledge facility of depositories in Capital Market segment from our below-mentioned depository account
2. Details of depository account

|  |  |  |
| --- | --- | --- |
| **DP ID** | **DP Name** | **Beneficiary account** |
|  |  |  |

1. We confirm that above mentioned account is used for the purpose of pledging/re-pledging securities only as specified in SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020
2. Following documents are enclosed herewith
3. Client master for above mentioned depository account
4. Pledge deed for margin deposit
5. Copy of Board Resolution with List of authorized signatories who are authorized to sign deed of pledge
6. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / prescribed by NCL from time to time.

Yours faithfully

Authorised Signatory

<<Member name>>

<<Member Code>>

Encl – as above

# Format of agreement for placing G-Sec/T-Bills as collaterals

This Agreement is made and executed at Mumbai on this \_\_\_ day of \_\_\_\_ 20.

**Between:**

NSE Clearing Limited, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“NCL”** (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the **One Part**;

And

Mr./Ms./M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual/ a partnership firm / a body corporate, registered/ incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, having his /her / its office / registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“Constituent”** (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors and administrators / the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the **Other Part**.

**WHEREAS** **:**

1. Reserve Bank of India (RBI) has allowed NCL to open Constituent Subsidiary General Ledger Account (SGL Account) with it which NCL shall use for the benefit of its constituents by opening sub-accounts (SGL Sub Account) in the name of its constituents in its books of accounts.
2. The Constituent being a Clearing Member of NCL, has requested NCL to open a SGL Sub Account in its books of accounts for the purpose of transferring government securities to the SGL Account as collateral towards margin deposit/security deposit and NCL has agreed to open a SGL Sub Account in the name of the Constituent in the SGL Account maintained by it with RBI subject to the terms and conditions as mentioned herein and terms and conditions specified by NCL in its Circulars issued from time to time.
3. The parties hereto are desirous of recording the terms and conditions subject to which NCL shall open and maintain a SGL Sub Account of the Constituent.

NOW THERFORE, IT IS HEREBY MUTUALLY AGREED UPON BETWEEN THE PARTIES HERETO AS FOLLOWS:

**1. Opening of the SGL Sub Account:**

1. NCL shall open a SGL Sub Account in the name of the Constituent in its SGL Account with RBI.
2. Only government securities in demateralised form shall be permitted to be transferred to the SGL Account.
3. The government securities transferred to the said SGL Account as collateral shall not be permitted by NCL to be used by the Constituent for any purpose other than as collateral towards margin deposit/security deposit and therefore the Constituent is barred from creating any encumbrance with respect to the government securities transferred in any manner whatsoever including by way of pledge, hypothecation or lien.
4. The government securities transferred to the said SGL Account shall be dealt with by NCL as a Clearing Corporation in accordance with the Rules, Byelaws, Regulations and the Circulars issued there under from time to time.
5. The Constituent agrees and consents that NCL shall have an irrevocable authority to sell the government securities through its designated brokers at any time, even prior to maturity without notice to the constituent for recovery/adjustment of NCL dues, in case of default of the Constituent in meeting its obligations as a Clearing Member of NCL.
6. The Constituent agrees to abide by the Business Rules laid down by the NCL from time to time regarding the SGL Sub Account and as specified by NCL in its Circulars issued from time to time.
7. If RBI deducts any income tax at source (TDS) on the interest payable at the rate applicable to NCL the same will be passed on to the constituent, who may have a different tax rate. In case the Constituent desires to avail of any concession from TDS it will have to submit all requisite forms/documents to NCL within such time as required by NCL/RBI for the purpose. In such cases, NCL will try on a best effort basis to get the interest payment without the deduction.
8. Operation of the SGL Sub Account will be carried out on the written instructions received from the authorised signatories of the Constituents received by NCL at its designated office(s) as may be intimated by NCL. A fascimile received by NCL for this purpose shall also be considered a conclusive evidence of instruction.
9. NCL shall issue daily statements to the Constituent from time to time with respect to the security balances of the Constituent. The Constituent agrees to point out any discrepancies to NCL within 2 days of the receipt of the statement or else NCL shall assume the balances to be correct.
10. The Constituent shall pay the charges as may be intimated to the Constituent by NCL from time to time for the opening and maintenance of the SGL Sub Account.
11. On the failure of the Constituent to pay the charges within the prescribed time NCL shall debit the same from Constituent’s Clearing Bank account.
12. NCL shall be bound by any instruction or direction it receives with regard to operation of the SGL Account or SGL Sub Account from any regulatory, judicial or any other competent authority (s) and the opening and maintenance of the SGL Account shall be subject to the provisions of the Government Securities Act, 2006 and the Regulations made thereunder.
13. NCL shall have the right to give any information to any regulatory, judicial and/or any other competent authority whenever so required in respect of the dealings and the SGL Sub Account of the Constituent.
14. The Constituent authorises NCL to execute/submit all deeds /agreements/drafts /forms etc which NCL may have to enter into/submit on behalf of the Constituent for the proper functioning of the SGL Account or SGL Sub Account.
15. The Constituent hereby requests and fully authorises NCL to execute any indemnity, declarations, undertakings and any other deed or documents as desired by RBI or any other competent authority in respect of dematerialisation, rematerialisation, settlement, corporate action or any other action in connection with the SGL Sub Account.
16. The Constituent shall execute in favour of NCL such declarations, undertakings and any deeds including power of attorney as may be required by NCL from time to time.
17. Incase of any dispute/difference between NCL and the Constituent with respect to this agreement, the same shall be settled as per the procedure prescribed by NCL in its Circulars issued from time to time.
18. In case a Constituent maintains an account with any bank designated as a Clearing Bank by NCL, then the Constituent shall authorise NCL to debit and/or it’s funds account maintained with the designated Clearing Banks(s) from time to time for the operations in the SGL Sub Account or recovery or any other amounts due to it as and when required.
19. While handling, corporate actions, NCL shall provide credit for government securities / funds to the Constituent, as the case may be only after the same has been provided by RBI in the SGL Account of NCL.
20. **Liabilities and Indemnities**
    1. The Constituent shall indemnify and keep NCL indemnified and save harmless at all times from and against all claims, actions, demands, proceedings, costs, charges, expenses whatsoever which may be caused or caused to be incurred, suffered or paid by the NCL for any act of commission or omission by Constituent pursuant to this agreement.
    2. NCL shall have a lien or charge on all the government securities in the SGL Sub Account of the Constituent for all the monies payable and due to NCL under this agreement.

**3. Termination of the Agreement:**

**3.1** This Agreement will terminate automatically if the NCL or the Constituent are declared insolvent or any order of the court like liquidation, execution, distress or any other orders results in the assets/property of the NCL or the Constituent being attached or any Receiver appointed for the assets.

**3.2** This Agreement will terminate automatically if any arrangement is made by either party with their creditors.

**3.3** This Agreement may be terminated if either party fails to comply with or deviates from any of the declarations, representations, undertakings which they had originally agreed to do so. Either party shall give the other party 15 days written notice for termination of this agreement. However if the breach/default can be rectified then the non breaching party should give the other party atleast 30 days to rectify the same.

**3.4** The Agreement can be terminated by any of the parties giving a notice in writing for any reason/s other than the reasons stated above. Such notice needs to be given atleast 2 months in advance.

**3.5** Upon termination of the agreement and subject to the constituent paying all sum dues from it to the NCL, NCL may arrange for transfer of government securities belonging to the Constituent, if the Constituent makes alternative arrangements for holding its government securities or in such other manner as may be specified by NCL in its Circulars issued from time to time.

1. **Notice:**

Any notice or communication to be given by either party to the other party shall be given by personal delivery, courier, registered post, fax to the designated address mentioned in this agreement.

1. **Jurisdiction and Governing Law:**

Both the parties agree that the disputes if any shall be subject to the exclusive jurisdiction of the Civil Courts of Mumbai. This agreement shall be subject to the laws of India and in particular to the Government Securities Act 2006 and the Regulations made thereunder from time to time.

1. **Counterparts:**

This agreement may be entered into in two counterparts and by each party hereto on separate counterparts, each of which when so executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written, in two counterparts, one such counterpart to be retained by the Constituent and the other by NCL.

**Signed and Delivered by**

The Constituent represented by their authorised officials as authorised under Board resolution dated \_\_\_\_\_\_

Authorised signatories

1.

2.

Witnesses

1.

2.

**Signed and Delivered by**

NSE Clearing Limited represented by their authorised signatories.

Authorised signatories

1.

2.

Witnesses

1.

2.

**Note:-**

1. To be executed on a non-judicial stamp paper of Rs.600/- or the value as applicable in the state where executed
2. Page no.1 to be retyped on the stamp paper as above
3. Page no 2 –6 should be attached to the stamp paper

# Format of letter to be given by the member for request of G-Sec / T-bills addition

(To be typed on Members letter head)

Date:

To,

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (E)

Mumbai – 400 051

Dear Sir / Madam, **Member Code: \_\_\_\_\_\_\_\_\_**

**E–Kuber ref** **no**:\_\_\_\_\_\_\_\_\_

**Re: Request for Addition of Securities (G-Sec / T-bills) as Collaterals**

We would like to deposit below mentioned G-Sec / T-bill as margin/security deposit in **Futures and Options** Segment:

Details are as under:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Member Code** | **Member Name** | **Source SGL A/c No.** | **Source SGL A/c Holder Name** | **Instrument details** | **Nomenclature** | **ISIN No.** | **Maturity Date** | **Quantity of Securities (Rs. in face value)** |
|  |  |  |  |  |  |  |  |  |

Further we have initiated transfer of securities to SGL-II account of NSE Clearing Limited vide margin transfer through E-KUBER. You are requested to confirm the same and considered the above G-Sec / T-bills towards our margin/security deposit.

Thanking You,

Yours Faithfully,

Authorised Signatory

# Format of letter to be given by the member for request of G-Sec / T-bills release

(To be typed on Members letter head)

Date:

To,

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (E)

Mumbai – 400 051

Dear Sir / Madam, **Member Code: \_\_\_\_\_\_\_\_\_**

**Re: Request for release of Securities (G-Sec / T-bills)**

Please release the below mentioned G-Sec / T-bills provided as margin/security deposit in **Futures and Options** Segment.

Details are as under:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Member Code** | **Member Name** | **ISIN No.** | **Instrument details** | **Nomenclature** | **Quantity of Securities (Rs in face value)** | **Maturity Date** | **Target SGL A/c No.** | **Target SGL A/c Holder Name** |
|  |  |  |  |  |  |  |  |  |

The G-Sec / T-bills may be transferred to our above mentioned SGL account.

Thanking You,

Yours Faithfully,

Authorised Signatory

# List of Approved Custodians for Foreign Sovereign Securities

Deutsche Bank, New York

Contact Person : Scott Habura/ Floris Vreedenburgh

60 Wall Street, New York, NY. 10005

Phone:    001-212-250-9078 /001-212-250-3723

Fax         001-212- 797-0510

Deutsche Bank, Mumbai

Contact Person : Ms. Beena Shetty / Mr. Rashid Contractor

4th Floor, Block 1, Nirlon Knowledge Park, Western Express Highway, Goregaon

(E), Mumbai, 400 063, India

Phone:      +91 22 7180 3547

fax: +91 22 7180 3901

# Documents for acceptance of foreign sovereign securities as collateral

**Format of Clearing Member- NSE Clearing Ltd agreement for providing Foreign Sovereign Securities as Collateral**

This CLEARING MEMBER –NCL AGREEMENT (this “Agreement”) is made as of this \_\_\_\_ day of \_\_\_\_\_ 20 between NSE CLEARING LIMTED (Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LTD.), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 (“NCL”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns), and [INSERT NAME OF CLEARING MEMBER], a company / partnership firm / individual having its registered office / office / residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that is registered as a clearing member with NCL (hereinafter called the “Clearing Member”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns)

WHEREAS

1. Reserve Bank of India (RBI), vide its Circular No. 2 dated 19th July 2007, has permitted Foreign Institutional Investors (“FIIs”) to offer foreign sovereign securities as collateral.  Pursuant to the said Circular, the Securities and Exchange Board of India (SEBI), vide its Circular No. SEBI/DNPD/Cir-32/2007 dated 11th September 2007, has permitted the Clearing Member to accept foreign sovereign securities with a ‘AAA’ rating (such foreign sovereign securities, together with any profits, dividends, interest, distributions or other proceeds thereof, and any security entitlements or other indirect holding interests in respect of any and all of the foregoing, shall be collectively referred to herein as “Foreign Securities”) as collateral from its FII clients for Exchange Traded Derivative Transactions. However, SEBI has stipulated that before accepting sovereign securities as collateral from the FII, the Clearing Member shall enter into a written agreement with NCL.

1. Therefore, the parties are desirous of entering into this agreement in order to facilitate the offering and tendering of Foreign  Securities by the Clearing Member as collateral to NCL, subject to the terms and conditions as contained herein:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. This Agreement shall be subject to the Rules, Byelaws, Regulations of NCL and Circular issued by NCL from time to time.  This Agreement shall further be subject to the terms and conditions of the Deed of Pledge for Clearing Members for Margin Deposits dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20, between NCL and Clearing Member, including all annexes (including, without limitation, the New York Collateral Annex), supplements and exhibits thereto (as amended from time to time, collectively, the “Pledge Agreement”), except to the extent otherwise provided herein.

1. NCL shall accept Foreign Securities offered and tendered as collateral from the Clearing Member subject to the following conditions:

1. Foreign Securities as specified by NCL from time to time pursuant to the directions of SEBI shall be accepted.  The Foreign Securities shall satisfy the terms and conditions as specified by SEBI /NCL. The Clearing Member further agrees to be bound by and abide with the Circulars issued by NCL from time to time with regard to acceptance of Foreign Securities including the procedure for acceptance or release of the Foreign Securities as collateral.
2. The Clearing Member shall be entitled to collect from each of its FII clients (hereinafter a “Constituent”) margin in the form of Foreign Securities to such extent as permitted by NCL.
3. The Clearing Member shall enter into an agreement with each of its Constituents in the format prescribed by NCL in addition to the agreement prescribed by NCL which is required to be entered into by the Clearing Member and Constituent viz. Clearing Member and Custodian Participant Agreement (hereinafter called as “Custodial Participant Agreement”) for the purpose of clearing and settling the trades made by the Constituent through a trading member or members, subject to the provisions contained in the  Rules, Byelaws and Regulations of NCL (Futures & Options Segment).
4. The Clearing Member shall be entitled to deliver the Foreign Securities in compliance with the margin requirements of NCL as specified from time to time for the trades cleared and settled by the Clearing Member on behalf of the Constituent by following such procedure as may be prescribed by NCL in this regard.
5. The Foreign Securities tendered by the Constituent in compliance with the margin requirements of NCL shall be returned to the Clearing Member by NCL in accordance with the terms of the Pledge Agreement unless otherwise specified in the Circulars issued by NCL in this regard.
6. The Foreign Securities tendered by the Constituent in compliance with the margin requirements of NCL shall be returned by the Clearing Member to the Constituent in accordance with the terms of the Custodial Participant Agreement.
7. The Clearing Member agrees that in the event of a default by the Clearing Member or the Constituent, NCL shall be entitled to deal with the Foreign Securities tendered by the Clearing Member on behalf of the Constituent by liquidating, selling or otherwise disposing of the Foreign Securities or by retaining them in full or partial satisfaction, as the case may be, of obligations owing to NCL.  The Clearing Member agrees that the Foreign Securities shall be dealt with by NCL in accordance with its Rules, Byelaws, Regulations and circulars issued by it from time to time.
8. The Clearing Member agrees that the Foreign Securities delivered to NCL are available for liquidation, sale or other disposition, or retention, by NCL in the event of the Clearing Member’s insolvency/bankruptcy/winding up or in the event of the insolvency or bankruptcy/ winding up of the Constituent or in the event of the insolvency or bankruptcy/ winding up of the person located outside of India through whom the Foreign Securities are held.
9. This Agreement shall be governed by and construed in accordance with the laws of India as shall be in effect from time to time, including, without limitation, any bye-laws, rules, regulations, circulars and instructions of NCL and any rules, regulations, circulars and instructions of Government of India or any branch, agency or subdivision thereof, the Securities and Exchange Board of India and the Reserve Bank of India.  In the event of any dispute between NCL and the Clearing Member in connection with this Agreement, including with respect to the liquidation, retention or return of Foreign Securities, the same shall be subject to the exclusive jurisdiction of the courts in India provided, however, that nothing contained herein shall prohibit or preclude the bringing of any action or exercise of remedies by NCL (in each case at its election made in its sole discretion) for the purpose of preserving or enforcing its rights and interests with respect to any Foreign Securities under the laws of, and, if applicable, before the courts or other competent tribunals in, any other relevant jurisdiction.  Any such action or exercise of remedies by NCL shall be non-exclusive and without prejudice to any rights and remedies NCL may be entitled to exercise in the courts of India under Indian law or otherwise.

**[Remainder of Page Intentionally Left Blank; Signature Page Follows]**

IN WITNESS THEREOF, the parties to this Agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

NSE Clearing Limited

By

Signature

Title

Witness

Signed for and on behalf of

CLEARING MEMBER

By

Signature

Title

Witness

Instructions:

1. *The above printed format is required to be used.*
2. *The agreement is to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Agreement is to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the member along with the signature of the authorised signatory*

**Format of Clearing Member-FII agreement for providing Foreign Sovereign Securities as collateral**

This CLEARING MEMBER - CONSTITUENT (FII) AGREEMENT (this “Agreement”) is made as of this \_\_\_\_ day of \_\_\_\_\_ 2010 between [INSERT NAME OF CM], a company / partnership firm / individual having its registered office / office / residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (hereinafter called the “Clearing Member”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) that is registered as a Clearing Member with NSE Clearing Limited (Formerly Known as National Securities Clearing Corporation Ltd.) (hereinafter called “NCL”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) of the ONE PART and [INSERT NAME OF FII], a company / corporate established or incorporated under \_\_\_\_\_\_\_ Act and having its registered office / office at \_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called “Constituent”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) of the OTHER PART.

WHEREAS,

1. The Constituent desires to effect purchases and/or sales of securities from time to time in the Future & Options Segment of the National Stock Exchange of India Ltd. (hereinafter called “NSEIL”) through one or more securities intermediaries that are “trading members” of NSEIL (hereinafter “Trading Members”) and have such trades cleared and settled through the Clearing Member (who in turn has agreed to clear and settle the trades executed by the Constituent through a Trading Member or Trading Members), subject to the provisions contained in the Rules, Byelaws and Regulations of NCL(Futures & Options Segment).
2. The Clearing Member is, *inter alia*, authorised to carry on the activities of clearing and settlement of trades that are executed on the Futures & Options Segment of NSEIL by a Trading Member or otherwise on behalf of the Constituent.
3. The Constituent has approached the Clearing Member to undertake clearing and settlement of trades and to discharge the Constituent’s duties and obligations towards NCL on its behalf, and the Clearing Member in turn has agreed to clear and settle the trades done by the Constituent through a Trading Member or Trading Members subject to (x) the provisions contained in the Rules, Byelaws and Regulations of NCL (Futures & Options Segment), (y) the terms and conditions contained in that certain Clearing Member – Constituent (Custodial Participant) Agreement entered into between the Clearing Member and the Constituent as of the date hereof, the form of which  has been prescribed by NCL (hereinafter referred to as the “Custodial Participant Agreement”), and (z) this Agreement.
4. Reserve Bank of India (RBI), vide its Circular No. 2 dated 19th July 2007, has permitted foreign institutional investors (“FIIs”) to offer foreign sovereign securities as collateral.  Pursuant to the said Circular, the Securities and Exchange Board of India (SEBI), vide its Circular No. SEBI/DNPD/Cir-32/2007 dated 11th September 2007, permitted the Clearing Member to accept foreign sovereign securities with a ‘AAA’ rating (such foreign sovereign securities, together with any profits, dividends, interest, distributions or other proceeds thereof, and any security entitlements or other indirect holding interests in respect of any and all of the foregoing, shall be collectively referred to herein as “Foreign Securities”) as collateral from its FII clients for Exchange Traded Derivative Transactions.  However, SEBI has stipulated that before accepting Foreign Securities as collateral from the FII, the Clearing Member shall enter into a written agreement with the FII.
5. Therefore, the parties are desirous of entering into this Agreement in order to facilitate the offering and tendering of Foreign Securities by the Constituent as collateral to the Clearing Member, subject to the terms and conditions as contained herein:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. This agreement shall be subject to the terms and conditions of the Custodial Participant Agreement and the parties shall be governed by the respective rights and obligations contained therein except to the extent otherwise provided herein.

1. The Clearing Member shall accept Foreign Securities offered and tendered as collateral from the Constituent subject to the following conditions:

1. Foreign Securities as specified by NCL from time to time pursuant to the directions of SEBI shall be accepted.  The Foreign Securities shall satisfy the terms and conditions as specified by SEBI /NCL. The Constituent further agrees to be bound by and abide with the Circulars issued by NCL from time to time with regard to acceptance of Foreign Securities including the procedure for acceptance or release of the Foreign Securities as collateral from the Clearing Members.
2. The Clearing Member shall be entitled to collect from the Constituent margin in the form of Foreign Securities to such extent as permitted by NCL.
3. The Clearing Member shall be entitled to deliver the Foreign Securities in compliance with the margin requirements of NCL as specified from time to time for the trades cleared and settled by the Clearing Member on behalf of the Constituent by following such procedure as may be prescribed by NCL in this regard.
4. As security for any and all of Constituent’s obligations to the Clearing Member pursuant to this Agreement, the Custodial Participant Agreement and/or the Circulars issued by NCL from time to time (collectively, the “Obligations”), Constituent hereby unequivocally and unconditionally  grants on to the Clearing Member a first priority continuing security interest in, lien on and right of set-off against all Foreign Securities transferred to or otherwise received by the Clearing Member as margin from  Constituent.  Notwithstanding any provision of law to the contrary (including, without limitation, any contrary provision of the Uniform Commercial Code of the State of New York), the Clearing Member shall have the right to register any such Foreign Securities in the name of the Clearing Member, its custodian or securities intermediary or a nominee for either, and shall further have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any such Foreign Securities it or its custodian or securities intermediary (or a nominee for either) holds or controls, free from any claim or right of any nature whatsoever of the Constituent, including any equity or right of redemption by the Constituent.  Without prejudice to the generality of the foregoing, Constituent acknowledges and agrees that the Clearing Member may hold the Foreign Securities in a securities or custodial account in the name of the Clearing Member, that will be subject to a first priority security interest, pledge, lien on and right of set-off granted by Clearing Member in favor of NCL to secure the Clearing Member’s obligations to NCL, including, without limitation, pursuant to that certain (i) Deed of Pledge for Clearing Members for  Margin Deposits, including the New York Collateral Annex thereto, and (ii) Clearing Member –NCL Agreement, each between the Clearing Member and NCL and dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_, 20\_\_, copies of which are attached hereto as Exhibit A-1 and Exhibit A-2, respectively.  The Constituent further acknowledges and agrees that to the extent it may have any rights or interests from time to time with respect to any such Foreign Securities, such rights and interests shall in all respects be subject and subordinate to the security interests, rights, claims and interests of NCL in and to such Foreign Securities.
5. The Foreign Securities tendered by the Constituent in compliance with the margin requirements of NCL shall be returned by the Clearing Member to the Constituent in accordance with the terms of the Custodial Participant Agreement.
6. The Constituent agrees that in the event of a default by the Clearing Member or the Constituent, NCL shall be entitled to deal with the Foreign Securities tendered by the Clearing Member on its behalf by liquidating/selling such Foreign Securities. The Constituent agrees that any Foreign Securities shall be dealt with by NCL in accordance with its Rules, Byelaws, Regulations and circulars issued by it from time to time.
7. The Constituent agrees that the Foreign Securities delivered to the Clearing Member are available for liquidation by NCL in the event of Constituent’s insolvency/bankruptcy/winding up or in the event of the insolvency or bankruptcy/ winding up of the Clearing Member or in the event of the insolvency or bankruptcy/ winding up of the person located outside of India through whom the Foreign Securities are held.
8. Notwithstanding anything contained in the Custodial Participant Agreement to the contrary, in the event of any dispute between the Constituent and Clearing Member regarding the liquidation or return of Foreign Securities, the same shall be subject to the exclusive jurisdiction of the courts in India irrespective of whether the dispute has been referred to arbitration or not; provided, however, that nothing contained herein shall prohibit or preclude the exercise of remedies by NCL (at its election made in its sole discretion) with respect to any Foreign Securities under the laws of, and, if applicable, before the courts or other competent tribunals in, any other relevant jurisdiction.  Any such exercise of remedies shall be non-exclusive and without prejudice to any rights and remedies NCL may be entitled to exercise in the courts of India under Indian law or otherwise.
9. Clearing Member and Constituent hereby acknowledge and agree that each and every one of the stipulations set forth in this Agreement in favor or for the benefit of NCL , including, without limitation, the terms set forth in clauses (a) through (h) (inclusive) of this clause (2), shall create immediately vested rights in favor NCL as a third-party beneficiary thereof (the “Third Party Benefits”) and shall create obligations upon the Constituent and/or Clearing Member, as the case may be, which obligations shall be irrevocably binding upon the Constituent and/or Clearing Member upon the execution of this Agreement.  Clearing Member and Constituent further acknowledge and agree that (x) the Third Party Benefits are conferred upon NCL in consideration for the margin and other credit accommodations provided by NCL to or for the benefit of Clearing Member and Constituent in connection with purchases and/or sales of securities from time to time in the NSEIL through Trading Members (the “Accommodations”),  (y) the Third Party Benefits are a material inducement for NCL to make the Accommodations and NCL has materially relied on (and will continue to materially rely on) the existence of the Third Party Benefits in its decision to provide the Accommodations and (z) NCL is understood to have manifested its acceptance of and consent to the Third Party Benefits by providing the Accommodations to or for the benefit of Clearing Member and/or Constituent, as the case may be, and by virtue of its general acceptance of the Third Party Benefits conferred by the Clearing Member and each FII (including Constituent) as evidenced in the General Notice of Acceptance of Third Party Benefits attached hereto as Exhibit B.
10. All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of the Agreement, shall in the first instance be resolved mutually by the parties. If the parties fail to resolve the same mutually, then the same shall be referred to the arbitration in accordance with the Rules, ByeLaws and Regulations of NCL.

**[Remainder of Page Intentionally Left Blank; Signature Page Follows]**

 IN WITNESS THEREOF, the parties to this Agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

CLEARING MEMBER

By

Signature

Title

Witness

Signed for and on behalf of

CONSTITUENT

By

Signature

Title

Witness

**Format of Indian Deed of Pledge In Favour of NCL for providing Foreign Sovereign Securities As Collateral**

This Deed of Pledge (hereinafter referred to as this “Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400 051  (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

1. The Clearing Member is admitted to the Clearing Membership of Futures and Options segment of NCL.
2. One of the requirements of the clearing membership is that the Clearing Member shall maintain with NCL margin deposits in the form of cash, bank guarantees or securities for the due performance and fulfilment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.
3. The securities to be deposited by the Clearing Member shall be securities in dematerialised form and as may be approved by NCL from time to time to an extent of Rs. \_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) or of such value as may be specified by NCL from time to time.
4. The Clearing Member shall deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time.
5. Certain of the securities deposited by the Clearing Member from time to time in accordance with this Deed shall consist of book-entry securities issued or guaranteed by the United States government, which book-entry securities must be held through a tiered holding system maintained with the participation of commercial banks and other securities intermediaries in the United States that have deposit accounts with a Federal Reserve Bank.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept approved dematerialised securities as a  margin deposit of such value as may be specified by NCL from time to time, the Clearing Member hereby pledges, and grants a security interest and right of setoff in, in favor of NCL, as security for due and timely payment, performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made,  executed, undertaken, carried out or entered into by him/it (all of the foregoing engagements, commitments, operations, obligations and liabilities, collectively, the “Clearing Member Obligations”), all of the Clearing Member’s right, title and interest in and to the following securities and other related financial assets and interests:

1. All securities and financial assets and instruments described in this Deed (including, without limitation, in the Schedule and/or in the New York Collateral Annex annexed hereto), including all rights or “securities entitlements” created by brokers, custodians or other securities intermediaries in respect of any such securities, financial assets and instruments;
2. All securities and financial assets and instruments deposited, received or otherwise credited to or for the account or benefit of the Clearing Member from time to time in addition, substitution or replacement thereof; and
3. And any proceeds, profits, dividends, proceeds and other distributions in respect of any of the foregoing securities and financial assets and instruments;

(All of the property described in the foregoing clauses (a), (b) and (c) shall hereinafter collectively be referred to as the “Pledged Securities”).

1. The Clearing Member if so determined by NCL shall place the Pledged Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition shall be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Pledged Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Clearing Member confirms, affirms and covenants with NCL that he/it  shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Clearing Member.
2. The Clearing Member declares and assures that all the Pledged Securities (i) are in existence, (ii) are either owned by him/it or he/it has the right and power to pledge the Pledged Securities and create and transfer to NCL a security interest and right of setoff in the Pledged Securities, in each case, free from any prior charge, lien or encumbrance and (iii) that all the Pledged Securities that may be subject to the pledge and lien of this Deed from time to time in favor of NCL shall likewise be unencumbered, absolute and disposable property of the Clearing Member.
3. The Clearing Member agrees that he/it shall not without NCL prior written permission create any charge, lien or encumbrance of any kind upon or over the Pledged Securities hereby pledged except to NCL , that he/it shall not suffer any such charge, lien or encumbrance to affect the Pledged Securities or any part thereof and further that he/it shall not do or allow anything to be done that may prejudice the Pledged Securities while he/it remains liable to NCL in any manner for the Clearing Member Obligations without the prior written permission of NCL.
4. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit or Scheme of Pledge, as the case may be, of securities in dematerialised form as formulated and determined by NCL, for margin deposit either in their existing form or as modified/changed/altered /amended from time to time pursuant to requirement/ compliance of Clearing Membership.
5. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one business day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Pledged Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer.  The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understands and agrees that one business day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as margin deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a day’s time and also due to the nature of transactions on NCL.
6. The Pledged Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Pledged Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.
7. The Clearing Member shall be released from his/its obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Pledged Securities.
8. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Pledged Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/it all expenses incurred by NCL /Custodian for the aforesaid purposes.
9. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.
10. The Clearing Member agrees that the deposit of the Pledged Securities and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.
11. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Pledged Securities, in any manner, due to any cause whatsoever, irrespective of whether the Pledged Securities shall be in the possession or subject to the control of NCL or not at the time of such loss or damage or the happening of the cause thereof.  The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Pledged Securities or in pursuance of the rights and powers of NCL under this Deed.
12. The Clearing Member undertakes that the deposit of the Pledged Securities and the pledge thereof shall be binding on him/it as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting his/its rights against him/it hereunder or in relation to the Pledged Securities or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.
13. This Deed shall be governed by and construed in accordance with the laws of India as shall be in effect from time to time, including, without limitation, any bye-laws, rules, regulations, circulars and instructions of NCL or any rules, regulations, circulars and instructions of the Government of India or any branch, agency or subdivision thereof, the Securities and Exchange Board of India and the Reserve Bank of India. In the event of any dispute between NCL and the Clearing Member in connection with this Deed, including with respect to the liquidation, retention or return of Pledged Securities, the same shall be subject to the exclusive jurisdiction of the courts in India provided, however, that nothing contained herein shall prohibit or preclude the bringing of any action or exercise of remedies by NCL (in each case at its election made in its sole discretion) for the purpose of preserving or enforcing its rights and interests with respect to any Pledged Securities under the laws of, and, if applicable, before the courts or other competent tribunals in, any other relevant jurisdiction.  Any such action or exercise of remedies by NCL shall be non-exclusive and without prejudice to any rights and remedies NCL may be entitled to exercise in the courts of India under Indian law or otherwise.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the withinnamed \*\*

Clearing Member

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

In the presence of witnesses

1.

2.

\* Strike out whichever is not applicable

\*\* To be signed by

a. The Clearing member in case of individual.

b. All partners in case of a Partnership firm

c. By any two of the following persons in the case of a Company:

i.  Managing Director

ii. Whole-time Director

iii. Directors

Instructions:

*To be executed on non judicial stamp paper of Rs.100 or in accordance with the prevailing rates applicable in the place of execution, whichever is higher.*

## Format of New York collateral Annex for providing Foreign Sovereign Securities as collateral

**NEW YORK COLLATERAL ANNEX**

dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2009

between

[NAME OF CLEARING MEMBER]

(“**Pledgor**”)

and

NSE Clearing Limited

 (“**NCL**”)

The parties to this New York Collateral Annex (this “**Collateral Annex**”) hereby agree as follows:

**Scope**.

This Collateral Annex supplements, forms part of and is subject to that certain Deed of Pledge for Clearing Members for  Margin Deposits, dated as of \_\_\_\_\_\_\_\_\_\_\_\_, 2009, entered into between the Pledgor and NCL (the “**Indian Deed of Pledge**”) and sets out additional terms and conditions which shall apply to margin deposits and other security provided as collateral by the Pledgor to secure the Clearing Member Obligations (as such term is defined in the Indian Deed of Pledge) owing to NCL, where such collateral consists of rights and interests in respect of certain U.S. treasury obligations held in securities accounts maintained on behalf of Pledgor by one or more custodians located in the State of New York, together with all other “Collateral” as such term is defined in Section 2 below.  In the event of any inconsistency between the provisions of the Indian Deed of Pledge and this Collateral Annex, the provisions of the Indian Deed of Pledge shall prevail as between the Pledgor and NCL.

**Definitions**.

In this Collateral Annex, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“**Book-entry Security**” means a security maintained in the form of entries (including without limitation, the Security Entitlements in, and the financial assets based on, such security) in the commercial book-entry system of the United States Federal Reserve System.

“**Cash Equivalents**” means (i) any Book-entry Security that is a direct, non-callable obligation of, or a non-callable obligation guaranteed by, the United States of America and backed by its full faith and credit that, in each case, is governed by the Treasury Regulations (including, without limitation, those obligations commonly known as “US Treasury Bills”, “US Treasury Notes”, “US Treasury Bonds”, “US Treasury Inflation Protected Issues (TIPS)” and “US Treasury Strips”), and (ii) any other securities (or security entitlements or other interests therein) designated in writing from time to time by NCL as eligible Cash Equivalents hereunder or otherwise authorised to be tendered as margin deposits to secure the Clearing Member Obligations pursuant to the NSEIL/NCL Rules.

“**C.F.R.**” means the United States Code of Federal Regulations.

“**Clearing Member Obligations**” has the meaning specified in Section 1.

“**Collateral**” has the meaning specified in Section 3.

“**Collateral Account**” has the meaning specified in Section 3(i).

“**Control Agreement**" means a control agreement entered into among the Pledgor, NCL and a Designated Custodian, whereby the Designated Custodian agrees to follow Entitlement Orders originated by NCL without the further consent of the Pledgor, provided that such agreement shall otherwise be in form and substance reasonably acceptable to NCL and its counsel.

“**Designated Custodian**” means a Qualified Institution reasonably acceptable to NCL that has been designated by the Pledgor to act as the Securities Intermediary with respect to a Collateral Account and that has entered into a Control Agreement.

“**Entitlement Holder**” has the meaning specified in Section 8-102(a)(7) of the N.Y. UCC or in respect of any Book-entry Security, the meaning specified for “Entitlement Holder” in Section 357.2 of the TRADES Regulations or the analogous provision of any Treasury Regulations applicable to other Book-entry Securities.

“**Event of Default**” means (i) the occurrence and continuation of an Event of Default with respect to the Clearing Member Obligations set forth in the Indian Deed of Pledge, (ii) the Pledgor fails to make, when due, any transfer, delivery, pledge, assignment or grant of Collateral required to be made by it pursuant to this Collateral Annex and that failure continues unremedied for one (1) Business Day after notice of that failure is given to the Pledgor; or (iii) the failure or refusal by the Pledgor to perform, or the breach or violation of; any of the terms, obligations, covenants or warranties of this Collateral Annex (other than as specified in subclause (ii) above) and that failure or refusal continues unremedied for five (5) business days after notice of such failure or refusal is given to the Pledgor.

“**NSEIL/NCL Rules**” means the circulars, bye-laws, rules, regulations and other requirements of the National Stock Exchange of India Ltd. and NCL as in effect from time to time.

“**N.Y. UCC**” means the Uniform Commercial Code in effect in the State of New York from time to time, including, without limitation, the provisions of Article 8 and Article 9 thereof.

“**Participant**” has the meaning specified in Section 357.2 of the TRADES Regulations (or the analogous provision of any other Treasury Regulations applicable to such Book-entry Securities).

“**Pledgor**” has the meaning specified in the recitals of the parties hereto.

“**Qualified Institution**” means a Participant that is a domestic office of a commercial bank, trust company or financial institution organized under the laws of the United States (or any state or a political subdivision thereof) having assets of at least ten billion dollars ($10,000,000,000) and a long term debt or deposit rating of at least Baa2 from Moody’s Investor Service, Inc. and BBB from Standard & Poor’s, a division of the McGraw-Hill Companies, Inc.

“**Secured Obligations**” means (i) the Clearing Member Obligations, (ii) any and all sums advanced by NCL in order to preserve the Collateral or preserve its lien and security interest in the Collateral; (iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities referred to in clauses (i) and (ii) above, the reasonable expenses of any exercise by NCL of its rights hereunder, together with reasonable attorneys’ fees and court costs; and (iv) to the extent not otherwise included in clauses (i), (ii) and (iii) above, the Pledgor’s obligations set forth in this Collateral Annex.

“**Securities Intermediary**” means a Person that is a “securities intermediary” (as defined in the N.Y. UCC, Section 8-102(a)(14)) and, in respect of any Book-entry Security, a “Securities Intermediary” as defined in Section 357.2 of the TRADES Regulations (or the analogous provision of any other Treasury Regulations applicable to such Book-entry Securities).

“**Security**” has the meaning specified in Section 8-102(a)(15) of the N.Y. UCC or, in respect of any Book-entry Security, has the meaning specified for “Security” in Section 357.2 of the TRADES Regulations (or the analogous provision of any other Treasury Regulations applicable to such Book-entry Securities).

“**Security Entitlement**” has the meaning specified in N.Y. UCC Section 8-102(a)(17) or, in respect of any Book-entry Security, has the meaning specified for “Security Entitlement” in Section 357.2 of the TRADES Regulations (or the analogous provision of any other Treasury Regulations applicable to such Book-entry Securities).

“**Termination Date**” means, unless otherwise agreed in writing by NCL in its sole discretion, the date as of which Pledgor shall have ceased to be a clearing member of the Futures and Options Segment of NCL and there shall be no further Secured Obligations of any kind or nature whatsoever (whether or not matured, fixed, contingent, liquidated or otherwise) owing or potentially owing to NCL.

“**TRADES**” means the Treasury/Reserve Automated Debt Entry System maintained by the Federal Reserve Bank of New York pursuant to the TRADES Regulations.

“**TRADES Regulations**” means the regulations of the United States Department of the Treasury contained in 31 C.F.R. Part 357 (including, without limitation, Section 357.2, Section 357.10 through Section 357.14 and Section 357.41 through Section 357.44 of 31 C.F.R. Part 357), as amended.

“**Treasury Regulations**” means (a) the TRADES Regulations and (b) to the extent substantially identical to the TRADES Regulations (as in effect from time to time) the federal regulations governing other U.S government obligations.

Capitalized terms not otherwise defined in this Collateral Annex shall have the meaning given such terms in the Indian Deed of Pledge, the NSEIL/NCL Rules, or in Articles 1, 8 or 9 of the N.Y. UCC or Section 357.2 of the TRADES Regulations (or any analogous provision of any other Treasury Regulations applicable to any Book-entry Securities), as the case may be.

3.  **Pledge and Grant of Security Interest in the Collateral**.

As security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations, the Pledgor hereby assigns and pledges to NCL and hereby grants to NCL, a lien on and first priority perfected security interest in all of the Pledgor’s right, title and interest in, to and under the following property (all such property, collectively, the “**Collateral**”):

(i)            Each securities account maintained with a Designated Custodian that shall be identified from time to time as a “Collateral Account” for purposes of this Collateral Annex on Schedule 1 hereto (as amended from time to time) (each such account, a “**Collateral Account**”);

(ii)          All Security Entitlements and all other financial assets from time to time carried in or standing to the credit of each Collateral Account, including, without limitation, all Security Entitlements in respect of Book-entry Securities and money and funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Collateral Account;

(iii)         All securities, interest, dividends, cash, instruments and other property, if any, from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Collateral;

(iv)        All notes, certificates of deposit, deposit accounts, checks and other instruments, if any, from time to time hereafter delivered to or otherwise possessed or controlled by the Pledgor or a Designated Custodian for or on behalf of the Pledgor, in each case in substitution for any or all of the then existing Collateral;

(v)          Any claims or causes of action against any Designated Custodian in respect of a Collateral Account; and

(vi)        All profits, products, dividends, distributions and proceeds of any kind or nature whatsoever of any and all of the foregoing Collateral (including, without limitation, proceeds that constitute property of the types described in foregoing clauses of this Section 3) and, to the extent not otherwise included, all (a) payments under insurance (whether or not NCL is the loss payee thereof) or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral and (b) cash proceeds of any and all of the foregoing Collateral.

Without limiting the generality of the foregoing, this Collateral Annex secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Pledgor to NCL under the Indian Deed of Pledge, this Collateral Annex and any other transaction documents related thereto but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Pledgor.

Notwithstanding Section 9-207 of the N.Y. UCC, any proceeds or other property, including money and funds, received from or in respect of the Collateral shall be held as and shall constitute additional Collateral hereunder, and NCL shall not be required to apply such money or funds to reduce the Secured Obligations other than as expressly set forth herein.

4.                  **Establishment and Maintenance of Collateral**.

(a)                Prior to or concurrently with the execution and delivery hereof, and from time to time, the Pledgor shall cause one or more Designated Custodians to establish Collateral Accounts on the books of each such Designated Custodian as a separate securities account segregated from all other custodial or collateral accounts, which Collateral Accounts shall be maintained at all times as securities accounts in the name of the Pledgor by each such Designated Custodian at its designated office in New York, New York.  The following provisions shall apply to the establishment and maintenance of each Collateral Account:

(i) The Collateral Account shall be separate from all other accounts maintained by the Designated Custodian.

(ii) NCL shall, in accordance with all applicable laws, be granted dominion and control over the Collateral Account pursuant to a Control Agreement entered into among the Designated Custodian, NCL and the Pledgor in form and substance reasonably acceptable to NCL and its counsel, and the Pledgor shall, and shall cause the Designated Custodian maintaining such Collateral Account to, perform or cause to be performed, such additional or alternative procedures as may hereafter become appropriate to ensure that NCL shall at all times have a first priority perfected security interest with respect to such Collateral Account consistent with changes in applicable law or regulations or the interpretation thereof;

(iii) No amount (including interest on Collateral) shall be released to or for the account of, or withdrawn by or for the account of, the Pledgor or any other person except as directed by NCL or with its prior written consent, or as otherwise expressly provided in this Collateral Annex.

(iv) The Designated Custodian shall cause the corresponding Federal Reserve Bank to indicate by book entry that any Book-entry Securities have been credited to the Designated Custodian’s Participant’s Securities Account at such Federal Reserve Bank.

(v) Such Designated shall indicate by book entry that a Security Entitlement to such Book-entry Securities has been credited to the Collateral Account.

(b)               All certificates or instruments representing or evidencing Collateral shall be delivered to and held by or on behalf of Designated Custodian pursuant hereto and shall be in suitable form for transfer or delivery, or, at the request of NCL, shall be accompanied by duly executed instruments of transfer or assignment in blank.  In addition, NCL shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

(c)                With respect to any Collateral that constitutes a Security and is not represented or evidenced by a certificate or instrument and that is not otherwise held in a Collateral Account, the Pledgor shall cause the issuer thereof either (i) to register NCL or its agent as the registered owner of such security or (ii) to agree in writing with NCL and the Pledgor that such issuer will comply with instructions with respect to such security originated by NCL without further consent of the Pledgor, the terms of such agreement to be consistent with the terms of this Collateral Annex (if applicable).

(d)               With respect to any Collateral that constitutes a Security Entitlement that is not otherwise held in a Collateral Account, the Pledgor shall cause the Securities Intermediary with respect to such Security Entitlement either (i) to identify in its records NCL as the entitlement holder of such Security Entitlement against such Securities Intermediary or (ii) to agree in writing with the Pledgor and NCL that such Securities Intermediary will comply with entitlement orders (that is, notifications communicated to such Securities Intermediary directing transfer or redemption of the financial asset to which Pledgor has a Security Entitlement) originated by NCL without further consent of the Pledgor, the terms of such agreement to be consistent with the terms of this Collateral Annex (if applicable).

(e)                With respect to any Collateral that constitutes a securities account, the Pledgor will comply with subsection (d) of this Section 4 with respect to all Security Entitlements carried in such securities account.

(f)                 Pledgor hereby irrevocably authorizes NCL at any time and from time to time to file in the Office of the Secretary of State of the State of New York, the District of Columbia and any other filing office in the United States any initial financing statements and amendments thereto that (a) contain a description of collateral of an equal or lesser scope as the Collateral described in this Collateral Annex or any supplement hereto, but such description may contain greater detail than is contained in this Collateral Annex or any such supplement, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment therein, including whether the Pledgor is an organization, the type of organization and any organization identification number issued to the Pledgor. The Pledgor agrees to furnish any such information to NCL promptly upon request. The Pledgor also ratifies its authorization for NCL to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(g)                Collateral consisting of cash will be deemed to be delivered to a Designated Custodian when it has been (and for so long as it shall remain) deposited in or credited to the Collateral Account.

5.                  **Investing of Amounts in the Collateral Accounts**.

The Pledgor shall cause the Designated Custodian to advise the Pledgor if, at any time, any amounts shall exist in any Collateral Account uninvested, and if so, the Pledgor may (or, if so directed by NCL, shall) direct such Designated Custodian in writing to:

(a)                Invest such amounts on deposit in the Collateral Account in such Cash Equivalents as the Pledgor or NCL may select, and

(b)               Invest interest paid on the Cash Equivalents referred to in clause (a) above, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in Cash Equivalents, as the Pledgor or NCL may select.

Any payments of interest, dividends or other proceeds received in a Collateral Account (or, if applicable, directly by NCL), or otherwise received in respect of Collateral, that are not invested or reinvested in Cash Equivalents as provided above will be held as additional Collateral.

6.                  **Disbursements of Collateral**.

(a)                All Collateral consisting of securities and other investment property shall remain in the corresponding Collateral Account at all times, and shall only be released in accordance with this Collateral Annex or otherwise with the prior written consent of NCL.

(b)               Upon the release of any Collateral from a Collateral Account, in accordance with the terms of this Collateral Annex, the security interest and lien evidenced by this Collateral Annex in such released Collateral will automatically terminate and be of no further force and effect; provided that the foregoing shall not affect the security interest and lien on any Collateral not so released.

(c)                Except as expressly provided in this Section 6, nothing contained in this Collateral Annex shall (i) afford the Pledgor any right to issue entitlement orders with respect to any Security Entitlement to any of the Collateral or any securities account in which any such Security Entitlement may be carried, or otherwise afford the Pledgor control of any such Security Entitlement or (ii) otherwise give rise to any rights of the Pledgor with respect to the Collateral, any Security Entitlement thereto or any securities account in which any such Security Entitlement may be carried, other than the Pledgor’s rights under this Collateral Annex as the beneficial owner of Collateral pledged to and subject to the exclusive dominion and control (including, without limitation, securities control) of NCL.

7.                  **Representations and Warranties of the Pledgor**.

The Pledgor hereby represents and warrants, as of the date hereof and at all such times as there shall remain Secured Obligations outstanding, that:

(a)                The execution and delivery by the Pledgor of, and the performance by the Pledgor of its obligations under, this Collateral Annex will not contravene any provision of applicable law or the certificate of incorporation, bylaws or equivalent organizational instruments of the Pledgor or any material agreement or other material instrument binding upon the Pledgor or any of its subsidiaries or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Pledgor or any of its subsidiaries, or result in the creation or imposition of any lien on any assets of the Pledgor, except for the lien and security interests granted under this Collateral Annex; no consent, approval, authorization or order of, or qualification with, and no notice to or filing with, any governmental body or agency or other third party is required (i) for the performance by the Pledgor of its obligations under this Collateral Annex, (ii) for the pledge by the Pledgor of the Collateral pursuant to this Collateral Annex or for the execution, delivery or performance of this Collateral Annex by the Pledgor or (iii) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code of applicable jurisdictions which financing statements have been delivered pursuant to Section 3(g) hereof, or (iv) except for any such consents, approvals, authorizations or orders required to be obtained by Pledgor for reasons other than the consummation of this transaction, for the exercise by NCL of the rights provided for in this Collateral Annex or the remedies in respect of the Collateral pursuant to this Collateral Annex.

(b)               The Pledgor is the legal and beneficial owner of the Collateral, free and clear of any lien or claims of any Person (except for the lien and security interests granted under this Collateral Annex and the Indian Deed of Pledge). No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any public office other than the financing statements, if any, to be filed pursuant to this Collateral Annex.

(c)                This Collateral Annex has been duly authorised, validly executed and delivered by the Pledgor and (assuming the due authorization and valid execution and delivery of this Collateral Annex by NCL and enforceability of this Collateral Annex against NCL in accordance with its terms) constitutes a valid and binding agreement of the Pledgor, enforceable against the Pledgor in accordance with its terms, except as (i) the enforceability hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, preference, reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting the rights or remedies of creditors generally, and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability and the discretion of the court before which any proceeding therefor may be brought.

(d)               Upon the delivery to a Designated Custodian of the Collateral in accordance with the terms hereof and the execution of a Control Agreement by such Designated Custodian in favor of NCL, the pledge of and grant of a security interest in the Collateral securing the payment of the Secured Obligations for the benefit of NCL will constitute a valid, first priority, perfected security interest in such Collateral, enforceable as such against all creditors of the Pledgor and any persons purporting to purchase any of the Collateral from the Pledgor.  Upon the execution of such Control Agreement, all actions necessary or desirable to perfect and protect such security interest will have been duly taken.

(e)                There are no legal or governmental proceedings pending or, to the best of the Pledgor’s knowledge, threatened to which the Pledgor or any of its subsidiaries is a party or to which any of the properties of the Pledgor or any of its subsidiaries is subject that would materially adversely affect the power or ability of the Pledgor to perform its obligations under this Collateral Annex or to consummate the transactions contemplated hereby.

(f)                 The pledge of the Collateral pursuant to this Collateral Annex is not prohibited by law or governmental regulation (including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System) applicable to the Pledgor.

(g)                No Event of Default exists.

(h)                The Pledgor is a [\_\_\_\_\_\_\_\_\_\_\_\_\_] duly organized and validly existing under the laws of [\_\_\_\_\_\_\_\_\_\_\_\_\_\_]. The Pledgor’s name as it appears in official filings in [\_\_\_\_\_\_\_\_\_\_\_\_\_\_] is [\_\_\_\_\_\_\_\_\_\_\_\_\_\_]. The Pledgor’s organizational identification number issued by [\_\_\_\_\_\_\_\_\_\_\_\_\_\_] is [\_\_\_\_\_\_\_\_\_\_\_\_\_\_].

8.                  **Covenants of the Pledgor**.

The Pledgor covenants and agrees with NCL that from and after the date of this Collateral Annex until the Termination Date:

(a)                It will not (and will not purport to) (i) sell or otherwise dispose of, or grant any option or warrant with respect to, any of the Collateral nor (ii) create or permit to exist any lien upon or with respect to any of the Collateral (except for the liens and security interests granted under this Collateral Annex and the Indian Deed of Pledge) and at all times will be the sole beneficial owner of the Collateral;

(b)               It will not (i) enter into any agreement or understanding that restricts or inhibits or purports to restrict or inhibit NCL’s control over the Collateral or its rights or remedies hereunder, including, without limitation, NCL’s right to sell or otherwise dispose of the Collateral or (ii) fail to pay or discharge any tax, assessment or levy of any nature with respect to its beneficial interest in the Collateral not later than three (3) business days prior to the date of any proposed sale under any judgment, writ or warrant of attachment with respect to the Collateral;

(c)                It will not, directly or indirectly, authorize any third party to give Entitlement Orders with respect to any Collateral Account or other Collateral or to file any financing statement with respect to any of the Collateral without the prior written consent of NCL.

9.                  **Fees and Expenses**.

Pledgor agrees to pay to NCL promptly upon demand (and in any event within five (5) business days following such demand) the amount of any and all expenses, including, without limitation, the reasonable fees, expenses and disbursements of counsel, experts and agents retained by NCL, that NCL may incur in connection with:

(a)                The administration of the Indian Deed of Pledge and this Collateral Annex including, without limitation, in connection with any of the items described in Section 10 (Further Assurances);

(b)               The custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral;

(c)                The exercise or enforcement of any of the rights of NCL hereunder; or

(d)               The failure by the Pledgor to perform or observe any of the provisions hereof.

10.              **Further Assurances**.

The Pledgor will, promptly upon the request by NCL, execute and deliver or cause to be executed and delivered, or use its reasonable best efforts to procure, all assignments, instruments and other documents, deliver any instruments to NCL and take any other actions that are necessary or desirable to perfect, continue the perfection of, or protect the first priority of the NCL’s security interest in and to the Collateral, to protect the Collateral against the rights, claims or interests of third persons (other than any such rights, claims or interests created by or arising through NCL) or to effect the purposes of this Collateral Annex.  Without limiting the generality of the foregoing, the Pledgor will, if any Collateral shall be evidenced by a promissory note or other instrument, deliver to NCL in pledge hereunder such note or instrument duly endorsed and accompanied by duly executed instruments of transfer or assignment; and execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as NCL may reasonably request, in order to perfect and preserve the pledge, assignment and first priority perfected security interest granted or purported to be granted hereby.  The Pledgor also agrees, whether or not requested by NCL, to use its reasonable best efforts to perfect or continue the perfection of, or to protect the first priority of, NCL’s security interest in and to the Collateral, and to protect the Collateral against the rights, claims or interests of third persons (other than any such rights, claims or interests created by or arising through NCL).

The Pledgor will pay all costs incurred in connection with any of the foregoing in accordance with Section 9.

11.              **Rights and Remedies of NCL as Secured Party**.

If any Event of Default shall have occurred and be continuing, NCL shall have the following rights and remedies:

(a)                NCL shall have, in addition to all other rights given by law or by this Collateral Annex or the Indian Deed of Pledge, all of the rights and remedies with respect to the Collateral of a secured party upon default under the N.Y. UCC (whether or not the N.Y. UCC applies to the affected Collateral) at that time.

(b)               In addition, with respect to any Collateral that shall then be in or shall thereafter come into the control, possession or custody of NCL, NCL may give Entitlement Orders to the applicable Designated Custodian to sell, liquidate or dispose of any Collateral, or appoint a broker or other expert to sell or cause the same to be sold at any broker’s board or at public or private sale, in one or more sales or lots, at such price or prices such broker or other expert may deem commercially reasonable, for cash or on credit or for future delivery, without assumption of any credit risk.  The purchaser of any or all Collateral so sold shall thereafter hold the same absolutely, free from any claim, encumbrance or right of any kind whatsoever created by or through the Pledgor.

(c)                Pledgor acknowledges and agrees that the Collateral is of a kind that is customarily sold on a recognized market and/or the subject of widely distributed standard price quotations, and threatens to decline speedily in value, within the meaning of Sections 9-610 and 9-611 of the N.Y. UCC, and accordingly, the Pledgor is not entitled to prior notice of sale of such Collateral by NCL, except any notice that is required under applicable law and cannot be waived.  Any sale of the Collateral conducted in conformity with reasonable commercial practices of banks, insurance companies, commercial finance companies, or other financial institutions disposing of property similar to the Collateral shall be deemed to be commercially reasonable. Any requirements of reasonable notice, to the extent applicable, shall be met if notice of the time and place of any public sale or the time after which any private sale is to be made is given to the Pledgor at least ten (10) days before the time of the sale or disposition.  NCL or any agent acting on its behalf may, in its own name or in the name of a designee or nominee, buy any of the Collateral at any public sale and, if permitted by applicable law, at any private sale.  NCL shall not be obligated to make any sale of Collateral regardless of notice of sale having been given.  NCL may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. All expenses (including court costs and reasonable attorneys’ fees, expenses and disbursements) of, or incident to, the enforcement of any of the provisions hereof shall be recoverable from the proceeds of the sale or other disposition of the Collateral.

(d)               The Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the NCL may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the relevant Collateral for their own account, for investment and not with a view to the distribution or resale thereof.  The Pledgor acknowledges that any such private sale may be at prices and on terms less favorable to NCL than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the NCL shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to enable the registration of the Collateral or related transaction so as to permit a public offer to be made with respect thereto.

(e)                The Pledgor further agrees to use its reasonable best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Collateral pursuant to this Section 7 valid and binding and in compliance with any and all other applicable requirements of law.  The Pledgor further agrees that a breach of any of the covenants contained in this Collateral Annex or the Indian Deed of Pledge will cause irreparable injury to NCL, that NCL has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Collateral Annex or the Indian Deed of Pledge shall be specifically enforceable against the Pledgor, and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred.

(f)                  All cash proceeds received by NCL in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of NCL and notwithstanding anything to the contrary in Section 9-207 or other relevant provision of the N.Y. UCC, be held by NCL as collateral for, and/or then or at any time thereafter applied by NCL against any Secured Obligations.  Any surplus of such cash or cash proceeds held by NCL and remaining after payment in full of all of the Secured Obligations shall be paid over to the Pledgor.

(g)                NCL may, but is not obligated to, exercise any and all rights and remedies the Pledgor may have in respect of the Collateral.

(h)                Subject to and in accordance with the terms of this Collateral Annex and the Indian Deed of Pledge, all payments received by the Pledgor in respect of the Collateral shall be received in trust for the benefit of NCL, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to NCL in the same form as so received (with any necessary endorsement) or as NCL shall otherwise direct.

(i)                  NCL may, without notice to the Pledgor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against the Collateral or any part thereof.

(j)                 The Pledgor shall cease to be entitled to direct the investment of amounts held in any Collateral Account under Section 5 and NCL shall be entitled to direct any Designated Custodian to not accept any direction or other Entitlement Order from the Pledgor to invest amounts held in any Collateral Account.

12.              **Power of Attorney**.

The Pledgor hereby appoints and constitutes NCL as the Pledgor’s attorney-in-fact (with full power of substitution) to exercise to the fullest extent permitted by law in the place and stead and at the expense of the Pledgor, in the name of the Pledgor or otherwise, from time to time in NCL’s discretion to take any action and to execute any instrument that NCL may deem necessary or advisable to accomplish the purposes of this Collateral Annex and the Indian Deed of Pledge, which appointment is irrevocable and coupled with an interest, including, without limitation:

(a)                To give any necessary receipts or acquittances for amounts collected or received hereunder;

(b)               To collect the proceeds of any Collateral;

(c)                To convey any item of Collateral to any purchaser thereof;

(d)               To give any notices or recording of any liens hereof;

(e)                To pay or discharge taxes or liens levied or placed upon the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by NCL in its sole reasonable discretion, and such payments made by NCL to become part of the Secured Obligations secured hereby, due and payable immediately upon demand;

(f)                 To endorse and negotiate any checks or instruments representing proceeds of Collateral in the name of the Pledgor;

(g)                 To execute and give receipt for any certificate of ownership or any document constituting Collateral;

(h)                Transfer title to any item of Collateral;

(i)                  Sign the Pledgor’s name on all financing statements (to the extent permitted by applicable law) or any other documents necessary or appropriate to preserve, protect or perfect the security interest in the Collateral and to file the same;

(j)                 Prepare, file and sign the Pledgor’s name on any notice of lien (to the extent permitted by applicable law);

(k)               And to take any other actions arising from or necessarily incident to the powers granted to NCL in this Collateral Annex or the Indian Deed of Pledge.

Nevertheless, if so requested by NCL or a purchaser, the Pledgor shall ratify and confirm, to the extent it has to the power to do so, any such sale or other disposition by executing and delivering to NCL or such purchaser all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

If the Pledgor fails to perform any agreement contained herein, NCL may, but is not obligated to, after providing to the Pledgor notice of such failure and five (5) business days to effect such performance, itself perform, or cause performance of, such agreement, and the expenses of NCL incurred in connection therewith shall be payable by the Pledgor in accordance with Section 9.

13.              **Security Interest Absolute.**

All rights of NCL and security interests hereunder, and all obligations of the Pledgor hereunder, shall be absolute and unconditional irrespective of:

(a)                Any lack of validity or enforceability of the Indian Deed of Pledge or any other agreement or instrument relating thereto;

(b)               Any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Indian Deed of Pledge or any other agreement or instrument relating thereto;

(c)                Any exchange, surrender, release or non-perfection of any liens on any other Collateral for all or any of the Secured Obligations;

(d)               Any change, restructuring or termination of the corporate structure or the existence of the Pledgor or any of its subsidiaries;

(e)                To the extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Pledgor in respect of the Secured Obligations or of this Collateral Annex; or

(f)                 Any manner of application of other collateral, or proceeds thereof, to all or any item of the Secured Obligations, or any manner of sale or other disposition of any item of Collateral for all or any of the Secured Obligations.

14.              **Miscellaneous Provisions.**

(a)                **Notices.**  Any notice, approval, direction, consent or other communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, commercial courier service or telecopier communication, addressed as follows:

if to the Pledgor:

Attention:  
Telecopier No.:

if to NCL:

National Securities Clearing Corporation Limited

Exchange Plaza, Bandra-Kurla Complex,

Bandra (East) Mumbai 400 051

Attention: Manager, Collaterals Department  
Telecopier No.: 0091-22-26598243/44

or, as to any such party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section. All such notices and other communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three (3) business days after being deposited in the mail, postage prepaid, if mailed; when receipt is confirmed, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

(b)               **Severability.**  The provisions of this Collateral Annex are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Collateral Annex in any jurisdiction.

(c)                **Headings.**  The headings in this Collateral Annex have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

(d)               **Counterpart Originals**.  This Collateral Annex may be signed in two or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

(e)                **Benefits of Collateral Annex**.  Nothing in this Collateral Annex, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Collateral Annex.

(f)                 **Amendments, Waivers and Consents**.  Any amendment or waiver of any provision of this Collateral Annex and any consent to any departure by the Pledgor from any provision of this Collateral Annex shall be effective only if made or duly given in compliance with all of the terms and provisions of hereof, and NCL shall not be deemed, by any act, delay, indulgence, omission or otherwise, to have waived any right or remedy hereunder or to have acquiesced in any default or Event of Default or in any breach of any of the terms and conditions hereof. Failure of NCL to exercise, or delay in exercising, any right, power or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by NCL of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that NCL would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

(g)                **Continuing Security Interest; Termination**.  This Collateral Annex shall create a continuing first priority perfected security interest in and to the Collateral and shall remain in full force and effect until the Termination Date.  This Collateral Annex shall be binding upon the parties hereto and their respective transferees, successors and assigns, and shall inure, together with the rights and remedies of NCL hereunder, to the benefit of NCL, the Pledgor and their respective successors, transferees and assigns.

Upon the Termination Date, the pledge, assignment and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor.  At such time, NCL shall, in accordance with the Pledgor’s instructions, promptly reassign and redeliver to the Pledgor all of the Collateral hereunder that has not been sold, disposed of, retained or applied by NCL in accordance with the terms of this Collateral Annex and the Indian Deed of Pledge and execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.  Such reassignment and redelivery shall be without warranty by or recourse to NCL, except as to the absence of any liens on the Collateral created by or arising through NCL, and shall be at the reasonable expense of the Pledgor.

(h)                **Survival Provisions**.  All representations, warranties and covenants contained herein shall survive the execution and delivery of this Collateral Annex, and shall terminate only upon the termination of this Collateral Annex.  The obligations of the Pledgor under Sections 3 and 9 hereof shall survive the termination of this Collateral Annex.

(i)                  **Waivers**.  The Pledgor waives presentment and demand for payment of any of the Secured Obligations, protest and notice of dishonor or default with respect to any of the Secured Obligations, and all other notices to which the Pledgor might otherwise be entitled, except as otherwise expressly provided herein or in the Indenture.

(j)                 **Final Expression**.  This Collateral Annex, together with the Indian Deed of Pledge and any other agreement executed in connection herewith, is intended by the parties as a final expression of this Collateral Annex and is intended as a complete and exclusive statement of the terms and conditions thereof.

(k)               **GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL; WAIVER OF DAMAGES**.

    (I) THIS COLLATERAL ANNEX SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF INDIA, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK OR SUCH OTHER JURISDICTION AS DETERMINED BY THE TREASURY REGULATIONS, AND, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK OR SUCH OTHER JURISDICTION AS DETERMINED BY THE TREASURY REGULATIONS, ANY DISPUTE ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THE PLEDGOR AND NCL IN CONNECTION WITH THIS COLLATERAL ANNEX, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE LAWS OF INDIA. NOTWITHSTANDING THE FOREGOING, THE MATTERS IDENTIFIED IN 31 C.F.R. SECTIONS 357.10 AND 357.11 (AS IN EFFECT ON THE DATE OF THIS COLLATERAL ANNEX) SHALL BE GOVERNED SOLELY BY THE LAWS SPECIFIED THEREIN AND THE MATTERS IDENTIFIED IN SECTION 9-305(a)(3) OF THE N.Y. UCC WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

(II) THE PLEDGOR HEREBY WAIVES PERSONAL SERVICE OF PROCESS IN ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS COLLATERAL ANNEX AND FOR ACTIONS BROUGHT UNDER THE U.S. FEDERAL OR STATE SECURITIES LAWS BROUGHT IN ANY FEDERAL OR STATE COURT LOCATED IN THE CITY OF NEW YORK (EACH A "NEW YORK COURT") AND CONSENTS THAT ALL SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE MADE BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE PLEDGOR AT THE ADDRESS INDICATED IN SECTION 14(a). THE PLEDGOR SUBMITS TO THE JURISDICTION OF ANY NEW YORK COURT AND TO THE COURTS OF ITS CORPORATE DOMICILE WITH RESPECT TO ANY ACTIONS BROUGHT AGAINST IT AS DEFENDANT IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THE PLEDGOR AND NCL IN CONNECTION WITH THIS COLLATERAL ANNEX, AND WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LAYING OF VENUE, INCLUDING ANY PLEADING OF FORUM NON CONVENIENS, WITH RESPECT TO ANY SUCH ACTION AND WAIVES ANY RIGHT TO WHICH IT MAY BE ENTITLED ON ACCOUNT OF PLACE OF RESIDENCE OR DOMICILE.

 (III) THE PLEDGOR AGREES THAT NCL SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE PLEDGOR OR THE COLLATERAL IN A COURT IN ANY LOCATION REASONABLY SELECTED IN GOOD FAITH (AND HAVING PERSONAL OR IN REM JURISDICTION OVER THE PLEDGOR OR THE COLLATERAL, AS THE CASE MAY BE) TO ENABLE NCL TO REALIZE ON SUCH COLLATERAL, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF NCL. THE PLEDGOR AGREES THAT IT WILL NOT ASSERT ANY COUNTERCLAIMS, SETOFFS OR CROSSCLAIMS IN ANY PROCEEDING BROUGHT BY NCL TO REALIZE ON SUCH PROPERTY OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF NCL, EXCEPT FOR SUCH COUNTERCLAIMS, SETOFFS OR CROSSCLAIMS WHICH, IF NOT ASSERTED IN ANY SUCH PROCEEDING, COULD NOT OTHERWISE BE BROUGHT OR ASSERTED.

(l)                  **Effectiveness**.  This Collateral Annex shall become effective upon the effectiveness of the Indian Deed of Pledge.

**SCHEDULE 1 TO NEW YORK COLLATERAL ANNEX**

**List of Collateral Accounts**

Instructions:

All the blanks in the format are required to be duly filled by the member along with the signature of the authorised signatory

## Format of account Control agreement for providing Foreign Sovereign Securities as collateral

**THIS ACCOUNT CONTROL AGREEMENT** (this “Agreement”) is dated as of \_\_\_\_\_\_\_\_\_, 200\_, among \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Pledgor”) with an address of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as depository bank (“Depository Bank”), with an address of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and NSE Clearing Limited, under the below-described Deed of Pledge Agreement along with New York Collateral Annex  (in such capacity, “Secured Party”), with an address of Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

The Depository Bank has established and maintains for the Pledgor collateral account number \_\_\_\_\_\_\_\_\_\_ (the “Account”)

The Pledgor, Depository Bank and Secured Party are entering into this Agreement to provide for the control of the Account and to grant and perfect the security interest of Secured Party therein.

Therefore, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1.                  **Security Interest**.  To secure the prompt and complete payment, performance and observance of all of the Obligations (as defined in the Deed of Pledge Agreement), the Pledgor hereby grants to the Secured Party, for its benefit, a security interest in all of its right, title and interest in, to and under the Account, together with all “investment property” (as defined in Article 9 of the Uniform Commercial Code of the State of New York (the “UCC”)) and cash held therein and all proceeds of any of the foregoing.

2.                  **The Account**

(a)          Depository Bank hereby represents and warrants to Secured Party and Pledgor that (a) the Account has been established in the name of Pledgor and (b) to the best of Depository Bank’s knowledge, except for the claims and interest of Secured Party and Pledgor in the Account (subject to any claim in favor of Depository Bank permitted under Section 3), Depository Bank does not know of any claim to or interest in the Account.  All parties agree that the Account is a “securities account” within the meaning of Article 8 of the UCC and that all property, including cash, held by Depository Bank in the Account shall be treated as “financial assets” within the meaning of Article 8 of the UCC.  The Depository Bank confirms and agrees that (i) it is a “securities intermediary” within the meaning of Article 8 of the UCC and (ii) for purposes of Article 8 of the UCC, the State of New York is the Depository Bank’s jurisdiction.  The Depository Bank makes no representation or warranty, and shall have no responsibility or liability, with respect to the effectiveness of this Agreement in granting or perfecting such security interest.

(b)               All securities or other property underlying any financial assets credited to the Account shall be registered in the name of the Depository Bank, endorsed to the Depository Bank or in blank or credited to another securities account maintained in the name of the Depository Bank and in no case shall any financial asset credited to the Account be registered in the name of the Pledgor, payable to the order of the Pledgor or specially endorsed to the Pledgor except to the extent the foregoing have been specially endorsed to the Depository Bank or in blank.

3.                  **Priority of Lien**.  Depository Bank hereby acknowledges the security interest granted to Secured Party by Pledgor.  Depository Bank hereby waives and releases all liens, encumbrances, claims and rights of setoff it may have against the Account or any financial asset carried in the Account or any credit balance in the Account and agrees that, except for payment of its customary fees and charges including overdraft fees and reimbursement of amounts advanced to settle authorised transactions for the Account, it shall not assert any such lien, encumbrance, claim or right against the Account or any financial asset carried in the Account or any credit balance in the Account.  Depository Bank shall not agree with any third party that Depository Bank shall comply with entitlement orders concerning the Account originated by such third party without the prior written consent of Secured Party and Pledgor.

4.                  **Control**.  Depository Bank shall comply at all times with entitlement orders originated by Secured Party concerning the Account without further consent by Pledgor.  Depository Bank shall make trades of financial assets held in the account at the direction of Pledgor, or Pledgor’s authorised representative, and comply with entitlement orders concerning the Account from Pledgor, or Pledgor’s authorised representatives, until such time as Secured Party delivers a written notice substantially in the form attached hereto as Exhibit A to Depository Bank that Secured Party is thereby exercising exclusive control over the Account (the “Notice of Exclusive Control”).  After Depository Bank receives the Notice of Exclusive Control, Depository Bank shall, after having had a reasonable opportunity to act on the notice, cease complying with entitlement orders or other directions concerning the Account originated by Pledgor or Pledgor’s representatives.

5.                  **Statements and Notices of Adverse Claims**.  Depository Bank shall send copies of all monthly statements concerning the Account to each of Pledgor and Secured Party at the address set forth in the heading of this Agreement.  Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or in any financial asset carried therein, Depository Bank shall make reasonable efforts to notify Secured Party and Pledgor thereof.

6.                  **Limited Responsibility of Depository Bank**.  Depository Bank shall have no responsibility or liability to Secured Party for making trades of financial assets held in the Account at the direction of Pledgor, or Pledgor’s authorised representatives, or complying with entitlement orders concerning the Account from Pledgor, or Pledgor’s authorised representatives that are received by Depository Bank before Depository Bank receives a Notice of Exclusive Control.  Depository Bank shall have no responsibility or liability to Pledgor for complying with a Notice of Exclusive Control or complying with entitlement orders concerning the Account originated by Secured Party.  Depository Bank shall have no responsibility or liability to Secured Party with respect to the value of the Account or any asset held therein.  Depository Bank shall have no duty to investigate or make any determination as to whether a default exists under any agreement between Pledgor and Secured Party and shall comply with a Notice of Exclusive Control even if it believes that no such default exists.  This Agreement does not create any obligation or duty of Depository Bank other than those expressly set forth herein.

7.                  **Indemnification of Depository Bank**.  Pledgor hereby agrees to indemnify, defend and hold harmless Depository Bank, its directors, officers, agents and employees against any and all claims, causes of action, liabilities, lawsuits, demands and damages, including without limitation, any and all court costs and reasonable attorney’s fees, in any way related to or arising out of or in connection with this Agreement or any action taken or not taken pursuant hereto, except to the extent as a result of Depository Bank’s gross negligence or willful misconduct.

8.                  **Termination**.  The rights and powers granted herein to Secured Party have been granted in order to perfect its security interest in the Account, are powers coupled with an interest and shall not be affected by the lapse of time.  The obligations of Depository Bank under Sections 3, 4 and 6 above shall continue in effect until the earlier of (i) the date on which Pledgor makes suitable arrangements with the consent of Secured Party following the resignation of Depository Bank and (ii) Secured Party has notified Depository Bank in writing that this Agreement is to be terminated.

9.                  **Entire Agreement**.  This Agreement, any schedules or exhibits hereto and the instructions and notices required or permitted to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof.

10.              **Amendments**.  No amendment, modification or (except as otherwise specified in Section 8 above) termination of this Agreement, nor any assignment of any rights hereunder, shall be binding on any party hereto unless it is in writing and is signed by each of the parties hereto, and any attempt to so amend, modify, terminate or assign except pursuant to such a writing shall be null and void.  No waiver of any rights hereunder shall be binding on any party hereto unless such waiver is in writing and signed by the party against whom enforcement is sought.

11.              **Severability**.  If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

12.              **Successors**.  The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

13.              **Notices**.  Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and signed by an authorised person and shall be deemed to have been properly given (i) when delivered in person, or (ii) when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received or (iii) upon receipt of notice sent by certified or registered mail, return receipt requested, postage prepaid, addressed to the party at the address set forth next to such parties’ name at the heading of this Agreement.  Any party may change its address for notices in the manner set forth above.

14.              **Counterparts**.  This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.  Delivery of an executed counterpart of this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

15.              **Choice of Law**.  This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16.              **Representations**.  Each party hereby represents and warrants that the individual executing this Agreement on its behalf has the requisite power and authority to do so and to bind such party to the terms of this Agreement.

17.              **U.S.A Patriot Act.** The parties hereto acknowledge that in accordance with Section 326 of the USA Patriot Act the Depository Bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with Deutsche Bank Trust Company Americas.  The parties to this Agreement agree that they will provide the Depository Bank with such information as it may request in order for the Depository Bank to satisfy the requirements of the USA Patriot Act.

[Remainder of page intentionally left blank.]

            IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

[                                                   ], as Pledgor

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

[], as Depository Bank

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

[                                                   ], as Secured Party

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

**EXHIBIT A**

NOTICE OF EXCLUSIVE CONTROL

                        , 200

Attention:

Reference is made to that certain agreement, dated [                     ], (the “Account Control Agreement”) by and among \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Pledgor”), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as Depository Bank (“Depository Bank”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, in its capacity as [\_\_\_\_\_\_\_\_\_\_\_\_] under a [\_\_\_\_\_\_\_\_\_\_\_\_\_\_] Agreement (in such capacity, “Secured Party”).

Pursuant to the terms of the Account Control Agreement we hereby give you notice to cease honoring the Pledgor’s instructions with respect to the Account, and to immediately comply with the terms and conditions set forth in the Account Control Agreement relevant to the transfer of control of the Account to the Secured Party, including but not limited to redirection of such funds.

Please acknowledge receipt of this notice by signing below and returning an original to:

[Add full address and contact detail]Very truly yours,

[                                                         ], as Secured Party

By:

Name:

Title:

RECEIPT ACKNOWLEDGED ON                200     :

[                                                                 ],

By:

Name:

Title:

Instructions:

1)      The clearing member shall execute three copies of the account control agreement and provide all the originals to NCL. NCL will execute all three originals and return all three originals to the Clearing members. The clearing member shall be required to submit all the three originals to the designated custodian.

2)      This agreement is to be stamped in New York

3)      All the blanks in the format apart from NOTICE OF EXCLUSIVE CONTROL are required to be duly filled by the member along with the signature of the authorised signatory

# Format of Clearing Member- Constituent agreement for clients providing Foreign Sovereign Securities as collateral

This CLEARING MEMBER – CONSTITUENT (CUSTODIAL PARTICIPANT) AGREEMENT (this “Agreement”) is made as of this \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_, 2010, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ registered as a clearing member (hereinafter called the “Clearing Member”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) with the NSE Clearing Ltd. (hereinafter called “NCL”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (hereinafter called the “Constituent”, which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

Whereas

1. The Constituent is a(n) \_\_\_\_\_\_\_ and desires to effect purchase or sale of securities in the Futures and Options segment of the National Stock Exchange of India Ltd. (hereinafter called “NSEIL”) through one or more trading members of  NSEIL and clear and settle such trades through Clearing Member who, in turn, agrees to clear and settle the trades executed by the Constituent through such trading member or members, subject to the provisions contained in the Rules, Bye Laws and Regulations of NCL (Futures & Options Segment).
2. Clearing Member is a clearing member of NCL and is, inter alia, authorised to carry on the activities of clearing and settlement of trades that are executed on the Futures & Options Segment of NSEIL by a trading member who has appointed the Clearing Member to clear and settle its trades or on behalf of foreign institutional investors such as the Constituent who have appointed the Clearing Member to clear and settle their trades.
3. The Constituent has approached the Clearing Member to undertake clearing & settlement of trades and to discharge the Constituent’s duties and obligations towards NCL on its behalf and the Clearing Member, in turn, has agreed to clear and settle the trades made by the Constituent through a trading member or trading members subject to the provisions contained in the Rules, Bye Laws and Regulations of NCL (Futures & Options Segment) and the terms and conditions contained herein.
4. The parties to this agreement are desirous of reducing the terms and conditions agreed, in writing, as contained herein :

**Now, therefore, this agreement witnesseth as FOLLOWS:**

* 1. At the request of the Constituent and in consideration of the Constituent agreeing to pay certain fees and charges mentioned herein and abide by the terms and conditions contained in this agreement, Rules, Bye-Laws and Regulations of NCL and NSEIL, the Clearing Member hereby undertakes to clear and settle the trades of the Constituent executed or made through one or more trading members on the Futures & Options Segment of NSEIL, provided such trades shall be in accordance with all rules and regulations applicable to trades on such Futures & Options Segment, and to do all the acts, deeds and activities arising from and/or incidental to the clearing and settlement of such trades.

**2.      Rights of the Clearing Member**

(1)        The Clearing Member shall be entitled to demand/ receive from the Constituent such deposits in such form as the Clearing Member may specify from time to time.

(2)        Without prejudice to the generality of the above, the Constituent shall place with the Clearing Member an amount of\_\_\_\_\_ as deposit which shall be maintained at any point of time.  Subject to the provisions of the Circulars, Bye Laws, Rules, Regulations and other requirements of NCL/NSEIL (as in effect from time to time, collectively, the “NCL/NSEIL Rules”), in case of any shortfall in such deposit, the Clearing Member shall be entitled to initiate any action necessary to protect its interests in this regard against the Constituent.

(3)        The Clearing Member shall be entitled to receive from the Constituent such fees, charges, or commission, in respect of various services which it renders or agrees to render to the Constituent, at such intervals as may be mutually agreed upon.

(4)        The Clearing Member shall specify, subject to the requirements prescribed by NCL from time to time, the exposure margins up to which open positions can be taken by the Constituent. Such limits may be increased or reduced by the Clearing Member from time to time. The Clearing Member shall have the authority to initiate any action necessary to protect its interests in this regard, which may, inter alia, include restriction on further trading and closeout of open positions of the Constituent.

(5)        The Clearing Member shall be entitled to collect from the Constituent margin(s) of such amounts and such kinds as the Clearing Member may deem necessary, which at any point of time shall not be less than the amount stipulated by NCL from time to time. The Clearing Member shall have authority to collect such additional margin(s) as the Clearing Member may deem necessary or as per the NCL/NSEIL Rules.

(6)        The Clearing Member shall be entitled to receive from the Constituent such amounts as may be required to be paid towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, as per the NCL/NSEIL Rules.

(7)        The Clearing Member shall have authority to close out/ liquidate the open positions of the Constituent in accordance with the NCL/NSEIL Rules, in the case of non-payment of any amounts owed by the Constituent towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contract, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, commission and/ or charges, by making necessary requests to NSEIL/ NCL for initiating such action.  In such case, any loss arising due to the closing out of open positions shall be payable by the Constituent and may be recovered from the Constituent by the Clearing Member.

(8)        The Clearing Member shall have the right to inspect the books of accounts, records, documents and computerised data of the Constituent for which the Clearing Member shall have free access to the premises occupied by the Constituent or by any other person on his behalf.

**3.      Obligations of the Clearing Member**

(1)        Amounts deposited by the Constituent pursuant to this Agreement shall be kept in one or more custodial or margin accounts established in the name of the Clearing Member for purposes of holding deposits and margin received from foreign institutional investors such as the Constituent (hereinafter, a “Collateral Account”), which Collateral Accounts shall be maintained separate and distinct from the Clearing Member’s proprietary accounts; *provided, however*, that each Collateral Account shall be subject to a first priority pledge, lien and security interest in favor of NCL to secure any and all amounts owing by the Clearing Member to NCL from time to time in respect of trades cleared and settled by the Clearing Member on behalf of this Constituent and other Constituents , as per the NCL/NSEIL Rules.  The details of margins collected for the trades executed by the Constituent shall be provided to NCL as per the NCL/NSEIL Rules.

(2)        The Clearing Member shall inform the Constituent about the exposure margins (including any increase or reduction in such limits) up to which open positions can be taken by the Constituent.

(3)        The Clearing Member shall be liable to pay to the Constituent any amount becoming due and receivable by the Constituent towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the NCL/NSEIL Rules.

(4)        The Clearing Member shall be required to refund to the Constituent any excess margin amounts held by the Clearing Member from time to time in accordance with the NCL/NSEIL Rules, subject to any mutual agreement to the contrary.

(5)        The Clearing Member may settle the accounts on a periodical basis, if mutually agreed between the Clearing Member and the Constituent, which settlement shall be in accordance with the NCL/NSEIL Rules.

(6)         In the event of default by the Clearing Member or Clearing Member is declared a defaulter by NSEIL/NCL, any amount paid by the Constituent pursuant to this Agreement and deposited with NCL shall remain safe and shall not be utilised to meet the Clearing Member’s own liabilities and/or the liabilities of other Constituents. In such cases, the Clearing Member shall render all assistance to the Constituent for transfer of Constituent’s positions to some other Clearing Member, if such event occurs.

(7)        In the event of failure by the Clearing Member in the payment of any obligations to the NCL as well as the Constituent, the Constituent shall, with the prior approval of NCL, have the right to transfer its own open positions immediately to another Clearing Member.  The Clearing Member shall be obliged to pay to the Constituent for any costs incurred for transfer of the open positions, if such event occurs.

(8)        In case the Clearing Member is declared a defaulter by NSEIL/ NCL, and the Constituent transfers its open positions to some other Clearing Member, the Clearing Member shall be obliged to pay for any costs incurred for transfer of the open positions.

(9)        If due to the default of the Clearing Member, the open positions of the Constituent are closed-out and any loss is incurred due to such close-out, the Clearing Member shall reimburse such loss to the Constituent except to the extent the Clearing Member’s default is caused by the Constituent.

(10)    The Clearing Member shall treat the information pertaining to the Constituent as confidential. The Clearing Member shall not disclose the same to any other person except to the governmental, statutory, regulatory or legal authorities on a request made by these authorities in writing.

(11)    The Clearing Member shall be required to provide reports/ statements of mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of options contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions to the Constituent, for such period as may be mutually agreed.

**4.         Rights of the Constituent**

(1)        The Constituent shall be entitled to have all the trades executed by it through any trading member or members on the Futures & Options Segment of NSEIL cleared and settled through the Clearing Member; provided such trades shall have been made in accordance with all rules and regulations applicable to trades on such Futures & Options Segment and Constituent is otherwise in compliance with all of its obligations under this Agreement.

(2)        The Constituent shall be entitled to receive notice from time to time from the Clearing Member about the exposure margins (including any increase or reduction in such limits) up to which open positions can be taken by the Constituent.

(3)        The Constituent shall be entitled to receive reports/ statements of mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions from the Clearing Member, for such period as may be mutually agreed.

(4)        The Constituent shall be entitled to receive from the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement, on a net basis, as per the NCL/NSEIL Rules.

(5)        In the event of the Clearing Member being declared in default by NCL, the Constituent, except to the extent the Clearing Member’s default is caused by the Constituent, shall be entitled to transfer its open positions to some other clearing member and recover any costs incurred for such transfers from the Clearing Member.

(6)        In the event of failure by the Clearing Member in the payment of any of its obligations to NCL as well as the Constituent, the Constituent shall, with the prior approval of NCL have the right to transfer its own open positions immediately to another clearing member.   The Constituent shall also have the right to recover from Clearing Member any costs incurred for transfer of the open positions.

(7)        In case the open positions of the Constituent are closed-out due to the default of the Clearing Member, the Constituent, except to the extent the Clearing Member’s default is caused by the Constituent, shall be entitled to recover such loss from the Clearing Member.

**5.         Obligations of the Constituent**

(1)        The Constituent shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time.

(2)        The Constituent shall place with the Clearing Member an amount as deposit in accordance with Section 2(2) above.

(3)        The Constituent shall pay to the Clearing Member such fees, charges, or commission in respect of various services which it renders or agrees to render to the Constituent at such intervals as may be mutually agreed upon by them.

(4)        The Constituent shall pay to the Clearing Member margins of such amounts as may be prescribed by NCL from time to time including additional margins, if any or such higher amount of margins as may be mutually agreed with the Clearing Member. The margins shall be deposited by the Constituent within such time and in such form as may be specified by the Clearing Member.

(5)        The Constituent shall be liable to pay to the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement,  as per the NCL/NSEIL Rules.

(6)        The accounts shall be settled on a periodical basis as may be mutually agreed between the Clearing Member and the Constituent.

(7)        The Constituent shall be obliged to reimburse to the Clearing Member any loss caused due to the closing out / liquidation of the Constituent’s open positions initiated by the Clearing Member, on account of non-payment of any obligations owing by the Constituent towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, charges, commission, penalties and expenses, and any other amounts, as per the requirement of NCL.

(8)        The Constituent shall do all such acts, deeds and activities that are necessary for the purpose of strict compliance with the Rules, Bye Laws & Regulations of NSEIL/ NCL by the Clearing Member, and the Constituent hereby represents and warrants to the Clearing Member that it is fully aware of, and shall remain at all times fully aware of, the requirements for such strict compliance.

(9)        If due to the default of the Constituent, the open position of the Constituent is closed-out and any loss is incurred due to such closeout, the Constituent shall be liable to reimburse such loss to the Clearing Member.

**6.  Termination of the Agreement**

The agreement entered into between the Clearing Member and the Constituent may be terminated by either party by giving at least one month written notice to the other party or as may be mutually consented. Such cancellation or termination shall not have any effect on transactions executed before the time and date of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such executed transactions.

**7.      Notice**

Any communication between the Clearing Member and the Constituent shall be made in any one or more of the following ways:

(a) An electronic mail or fax

(b) Delivering it by post

(c) Sending it by registered post

(d) Sending it under certificate of posting

(e) Sending it by express delivery post / courier services.

(f) Sending it by telegram

(g) Affixing it on the door at the last known business or residential address

(h) Advertising it at least once in any prominent daily newspaper having circulation in the area where the party’s principal place of business or operations is situate.

**8.   Force Majeure**

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused and/or contributed to by any event of force majeure. For purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of governmental, statutory, regulatory or legal authority and such other acts or events beyond the control of the non-performing party.

**9.   No assignment**

Neither party shall be entitled to assign or otherwise transfer this agreement or any benefits, rights, obligations or interests herein whether in whole or in part to any other agency without the prior written consent of the other.

**10.  Non-waiver**

No forbearance, delay or indulgence by either party in enforcing the provisions of this Agreement shall prejudice or restrict the rights of that party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for either party is exclusive of any other right, power or remedy available to that party and each right, power or remedy shall be cumulative.

**11.  Arbitration**

(1)   All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of the Agreement, shall in the first instance be resolved mutually by the parties.

(2)   If the parties fail to resolve the same mutually, then the same shall be referred to the arbitration in accordance with the Rules, ByeLaws and Regulations of NCL.

**12.  Governing Law; Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of India as shall be in effect from time to time, including, without limitation, any bye-laws, rules, regulations, circulars and instructions of NSEIL and NCL  or any rules, regulations, circulars and instructions of the Government of India or any branch, agency or subdivision thereof, the Securities and Exchange Board of India and the Reserve Bank of India.   This agreement shall be subject to the exclusive jurisdiction of the courts in India.

**[Remainder of Page Intentionally Left Blank; Signature Page Follows]**

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**CLEARING MEMBER** :

By                                                        :

Signature                                              :

Title                                                      :

Witness                                                :

Signed for and on behalf of

**CONSTITUENT** :

By                                                        :

Signature                                              :

Title                                                      :

Witness                                                :

# Format of letter to be provided by clearing member for release of Foreign Sovereign Securities

(To be typed on clearing members letter head)

Date :

To

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex,

Bandra (E),

Mumbai - 400 051.

Dear Sir/Madam,

Re: Release of foreign sovereign securities

You are requested to release the following foreign sovereign securities submitted towards margin deposit in the **Futures and Options** segment

|  |  |  |  |
| --- | --- | --- | --- |
| **Account No** | **CUSIP** | **Description** | **Quantity to be released** |
|  |  |  |  |

Thanking you,

Yours faithfully,

Authorised Signatory

Clearing member name and clearing member id

# File format for requesting collateral releases

File name: F\_RRQ\_DDMMYYYY\_NN.csv

Where F is Segment indicator

RRQ is Release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

|  |  |
| --- | --- |
| Segment Indicator | F |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | CSH/BGN/FDP/SDP/NMF/CMF/GMF/OMF |
| Instrument Id | Applicable only for BGN/FDP |
| Custodian code | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Requested Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Requested amount | To be provided only in case of BGN/FDP/CSH in Rs. Incase of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of OMF/GMF. Incase of BGN/FDP/CSH/SDP/CMF/NMF it should be typed as NA |
| TM Code | To be provided only in case of SDP/CMF/NMF/OMF/GMF TM prop security release / else NA |
| Client / CP Code | To be provided only in case of SDP/CMF/NMF/OMF/GMF CP / TM client security release / else NA |
| Bank Code | Mandatory for instrument type CHQ. NA for rest. |
| Fungibility Flag | Y/N |

Notes:

* CMID stands for the clearing member code
* CSH stands for cash, BGN for bank guarantee, FDP for Fixed deposit receipt, SDP for securities, NMF for non cash component mutual funds, CMF for cash component mutual funds, GMF for gilt mutual funds and OMF for other than gilt mutual funds.
* Instrument ID stands for the NCL Ref no as is available in the latest CL01 report.

e.g., the instrument id for NCL.Ref no. 6004.000000 is 6004

* Non Applicable fields should be blank.

**File format for Instruction wise release request of securities as collateral**

File name: F\_RRT\_DDMMYYYY\_NN.CSV

Where F is Segment indicator

RRT is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →Instruction wise File Upload

|  |  |
| --- | --- |
| Segment Indicator | F |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF  NSCCL in case of GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Requested Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Requested amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| MPR/PSN | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| DP ID | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Fungibility Flag | Y/N |

Notes:

* The file format is only applicable for instruction wise release of securities pledged as collateral.
* CMID stands for the clearing member code
* NMF for non cash component mutual funds, CMF for cash component mutual funds, GMF for gilt mutual funds , OMF for other than gilt mutual funds and GSE for Government Securities
* Non Applicable fields should be blank or as specified in table above
* The return files giving the status of the acceptance/rejection of the release request will be available through the collateral interface for members (CIM) at the following path Collateral Release > Download Return File. The file naming convention for the same will be F\_RTR\_Member Code\_DDMMYYYY\_NN.csv.

# File format for transfer of fungible securities

File name: F\_TRQ\_DDMMYYYY\_NN.CSV

Where F is Segment indicator

TRQ is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →File Upload

|  |  |
| --- | --- |
| Segment Indicator | F |
| Member Code | CMID |
| Type of Collateral | ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Available Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF/GSE. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| Fungibility Flag | Y |
| Destination segment | C/F/X/O//D/S. To be provided for Destination segment transfer |

**File format for Instruction wise release request of securities as collateral**

File name: F\_TRT\_DDMMYYYY\_NN.CSV

Where F is Segment indicator

TRT is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →Instruction wise File Upload

|  |  |
| --- | --- |
| Segment Indicator | F |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF  NSCCL in case of GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Available Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| MPR/PSN | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| DP ID | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Fungibility Flag | Y |
| Destination segment | C/F/X/O//D/S. To be provided for Destination segment transfer |

# Format for collateral allocation

* All Cash, FDR and fungible BGs placed towards margin deposited by Clearing Members (CMs) shall be available as common pool for allocation to CM Prop/Trading Member (TM) Prop/Custodial Participant (CP)/Clients.
* CMs can use the file upload mechanism as per the format specified below for allocation of collateral from common pool to CM Prop/TM Prop/CP/Clients in any segment where the member is a CM.
* The amount mentioned in the file would be the final allocation requested amount for the mentioned combination. Accordingly, the value provided in the file shall replace the previous values for the mentioned combination.
* Any amount added as collateral and not allocated shall remain as un-allocated collateral in the common pool. No exposure for the same shall be provided to any entity for such unallocated collateral.
* CMs shall provide records for allocation only where there is change in the value of allocation. In order to avoid rejections of file/API CMs shall ensure that records where there is no change in value of allocation are not included.
* CMs shall upload the file allocation in NMASS in Collateral Management module under File allocation menu. CMs shall use intra-day/immediate options for change in allocation.
* Cash, FDR and BG provided towards Exchange membership deposit shall be allocated to respective CM/TM Prop collateral in the respective segment
* In case of non-fungible BGs the same shall be permitted to be allocated by the CMs to CM Prop/TM Prop/CP/Clients in the same segment where the BG has been added Procedure for allocating

**G-Sec placed through E-Kuber system**

* CM at time of placing request for addition of G-Sec in Collateral Interface for Members (CIM) shall also be required to allocate the face-value of such G-Sec to CM Prop/TM Prop/CP/Client in respective segment.
* The net-value based on the valuation price and post haircut of such face-value of G-Sec allocated to CM Prop/TM Prop/CP/Client shall be added to the allocated collateral of the respective CM Prop/TM Prop/CP/Client in the respective segment.

**File Format for allocation**

1. **Allocation File Format**

Member will load the allocation file in NMASS application

* 1. File Format – Comma separated
  2. File nomenclature -

<MEMCODE>\_ALLOC\_<DDMMYYYY>.T<batchno>

MEMCODE – Primary member code

DDMMYYYY – Current business date

Batch No – Batch no will be unique four digit no

* 1. File Structure:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Data Type** | **Length** | **Description** | **Sample Value** |
| 1 | Current Date | String | 11 | DD-MON-YYYY | 01-NOV-2021 |
| 2 | Segment | String | 3 | CM – Cash Market  FO – Future & Options  CD– Currency derivatives  DT– Debt  CO– Commodity  SLB– Securities Lending & Borrowing  TPR– Triparty  OFS– Offer for sale | CM |
| 3 | CM Code | String | 6 | Primary Member Code of Clearing Member | 22222 |
| 4 | TM Code | String | 5 | Trading Member Code |  |
| 5 | CP Code | String | 12 | Custodial Participant Code |  |
| 6 | Cli Code | String | 10 | Client Code |  |
| 7 | Account Type | String | 1 | Prop – P, Client - C | P |
| 8 | Amount | Number | 15,2 | Amount | 10000 |
| 9 | Filler1 | String | 20 | Filler. Reserved for future. |  |
| 10 | Filler2 | String | 20 | Filler. Reserved for future. |  |
| 11 | Filler3 | String | 20 | Filler. Reserved for future. |  |
| 12 | Filler4 | String | 20 | Filler. Reserved for future. |  |
| 13 | Filler5 | String | 20 | Filler. Reserved for future. |  |
| 14 | Filler6 | String | 20 | Filler. Reserved for future. |  |
| 15 | Action\* | String | 1 | U- Upward, D-Downward | D |

**Note:**

1. Max 10000 records will be accepted in allocation file.
2. The amount mentioned in the file would be the final allocation requested amount for the mentioned combination. Accordingly, the value provided in the file shall replace the previous values for the mentioned combination.
3. In case of allocation to CM Prop, values in TM Code, CP Code, Cli Code will be blank
4. In case of allocation to TM Prop, values in CP Code, Cli Code will be blank
5. In case of allocation to CP, values in TM Code, Cli Code will be blank
6. Examples of various records are as under

|  |  |  |
| --- | --- | --- |
| Sr.no | Particulars | Record Format |
| 1 | CM Prop allocation record | 01-NOV-2021,CM,22222,,,,P,1000,,,,,,,U |
| 2 | TM Prop allocation record | 01-NOV-2021,CM,22222,11111,,,P,1000,,,,,,,U |
| 3 | CP allocation record | 01-NOV-2021,CM,22222,,ABCD,,C,1000,,,,,,,U |
| 4 | Client allocation record | 01-NOV-2021,CM,22222,11111,,XYZ,C,1000,,,,,,,U |
| 5 | Increasing client allocation from 1000 to 2000 | 01-NOV-2021,CM,22222,11111,,XYZ,C,2000,,,,,,,U |
| 6 | Reducing client allocation from 2000 to 1000 | 01-NOV-2021,CM,22222,11111,,XYZ,C,1000,,,,,,,D |
| 7 | Reducing client allocation to 0 | 01-NOV-2021,CM,22222,11111,,XYZ,C,0,,,,,,,D |

\*Change in allocation request shall be processed irrespective of the flag populated in the action field. Change in allocation resulting in increase in allocation value shall be processed only if sufficient amount is available in collateral pool

1. **Return File**

On receiving the return file, member would be able to view the final status of the request. Member will get the return file with same batch no with extension starts with ‘S’ as a response in NMASS application.

* 1. Return file for Allocation
     1. File Format – Comma separated
     2. File Nomenclature -

<MEMCODE>\_ALLOC\_<DDMMYYYY>.S<BATCHNO>

* + 1. File format of status enquiry file for Allocation –

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Data Type** | **Length** | **Description** | **Sample Value** |
| 1 | Current Date | String | 11 | DD-MON-YYYY | 01-NOV-2021 |
| 2 | Segment | String | 3 | CM – Cash Market  FO – Future & Options  CD– Currency derivatives  DT– Debt  CO– Commodity  SLB– Securities Lending & Borrowing  TPR– Triparty  OFS– Offer for sale | CM |
| 3 | CM Code | String | 6 | Primary Member Code | 22222 |
| 4 | TM Code | String | 5 | TM Code |  |
| 5 | CP Code | String | 12 | CP Code |  |
| 6 | Cli Code | String | 10 | Cli Code |  |
| 7 | Account Type | String | 1 | Prop – P, Cli - C | P |
| 8 | Amount | Number | 15,2 | Amount | 10000 |
| 9 | Filler1 | String | 20 | Filler. Reserved for future. |  |
| 10 | Filler2 | String | 20 | Filler. Reserved for future. |  |
| 11 | Filler3 | String | 20 | Filler. Reserved for future. |  |
| 12 | Filler4 | String | 20 | Filler. Reserved for future. |  |
| 13 | Filler5 | String | 20 | Filler. Reserved for future. |  |
| 14 | Filler6 | String | 20 | Filler. Reserved for future. |  |
| 15 | Action | String | 1 | U- Upward, D-Downward | D |
| 16 | Error Code | Number | 8 | Error code | 01050100 |

**Validations**

* Response code shall be populated in the field “**Error Code**” in the return file.It shall be of below format
* First four characters (Field Identifier):  refers to specific field or the entire message
* Next characters (Validation code): refers to specific validation failure or success. Success code shall be populated only on successful acceptance of the record.

**Field Identifier**

| **Sr. No.** | **Field Name** | **Field Code** |
| --- | --- | --- |
| 1 | Entire Record | 0105 |
| 2 | Current Date | 0107 |
| 3 | Segment | 0108 |
| 4 | CM Code | 0109 |
| 5 | TM Code | 0110 |
| 6 | CP Code | 0111 |
| 7 | Client Code | 0112 |
| 8 | Account Type | 0113 |
| 9 | Amount | 0114 |
| 10 | Action | 0115 |
| 11 | Filler1 | 0116 |
| 12 | Filler2 | 0117 |
| 13 | Filler3 | 0118 |
| 14 | Filler4 | 0119 |
| 15 | Filler5 | 0120 |
| 16 | Filler6 | 0121 |

**Validation Codes:**

| **Sr. No.** | **Validation** | **Validation Type** | **Validation**  **Code** | **Validation performed on Field** |
| --- | --- | --- | --- | --- |
| 1 | Submitted to server successfully. | Message Level | NA | NA |
| 2 | Status  Request Rejected due to higher margin utilization - 0103  Request partially accepted due to higher margin utilization – 0104  Request accepted successfully - 0100  Processing - 0102 | Request level | 0103  0104  0100  0102 | Entire request |
| 3 | Minimum Required Length | Generic | 0201 | All Fields \* |
| 4 | Maximum Required Length | Generic | 0202 | All Fields \* |
| 5 | Range validation | Generic | 0203 | All Fields \* |
| 6 | Mandatory Field | Generic | 0204 | All Fields \* |
| 7 | Special Characters not allowed | Generic | 0205 | All Fields \* |
| 8 | Data Format like Msg Id or File Name/ Date Format | Generic | 0206 | All Fields \* |
| 9 | Minimum allowed value | Generic | 0207 | All Fields \* |
| 10 | Maximum allowed value | Generic | 0208 | All Fields \* |
| 11 | Invalid Value | Generic | 0209 | All Fields\* |
| 12 | Duplicate MsgID /File Name | Generic | 0210 | All Fields \* |
| 13 | Service Unavailable | Generic | 0212 | NA |
| 14 | System Error | Generic | 0213 | NA |
| 15 | Number of records | Generic | 0214 | Number of records submitted is greater than configured allowed records per request |
| 16 | Current Date | Field | 0217 | Current Date |
| 17 | Segment  Valid segment  CM  FO  CD  DT  SLB | Field | 0218 | Segment |
| 18 | Primary Member Code | Field | 0219 | CM Code |
| 19 | Trading Member Code  Should be the part of valid CM-TM link of specified segment | Field | 0220 | TM Code |
| 20 | CP code  Should be the part of valid CM-TM link of specified segment | Field | 0221 | CP Code |
| 21 | Account Type  P – Prop  C - Cli | Field | 0222 | Account Type |
| 22 | Upward or downward | Field | 0224 | Action |
| 23 | No Margin Found | Field | 0122 |  |
| 24 | Insufficient allocation amount | Field | 0123 | Amount |

1. Examples for allocation of fresh collateral

CM adds following collateral

Cash – Rs 1,00,00,000

FDR - Rs.5,00,00,000

BG – Rs 3,00,00,000

Total – Rs 9,00,00,000

Current and Proposed Allocation

|  |  |  |
| --- | --- | --- |
| **Entity** | **Amount already Allocated** | **Amount Proposed to be allocated** |
| CM 1 Prop | 10,00,00,000 | 11,00,00,000 |
| CP 1 | 3,00,00,000 | 3,50,00,000 |
| TM XYZ Prop | 4,00,00,000 | 5,00,00,000 |
| TM XYZ Cli ABC | 0 | 1,00,00,000 |
| TM XYZ Cli DEF | 50,00,000 | 1,00,00,000 |
| TM 123 Prop | 5,00,00,000 | 7,00,00,000 |
| TM 123 Cli 456 | 50,00,000 | 3,50,00,000 |
| **Total** | **23,00,00,000** | **32,00,00,000** |

The file to be uploaded by the CM shall have following records

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Current Date** | **Seg** | **CM Code** | **TM Code** | **CP Code** | **Cli Code** | **Acc Type** | **Amount** | **Filler1** | **Filler2** | **Filler3** | **Filler4** | **Filler5** | **Filler6** | **Action** |
| 01-Mar-22 | CM | CM1 |  |  |  | P | 11,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 |  | CP1 |  | C | 3,50,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  |  | P | 5,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  | ABC | C | 1,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  | DEF | C | 1,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | 123 |  |  | P | 7,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | 123 |  | 456 | C | 3,50,00,000 |  |  |  |  |  |  | U |

# Example for collateral valuation

Consider the following example of collateral provided by various entities under a CM. Suppose the securities are pledged in the same sequence as the rows in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Entity** | **Cash-equivalent**  **(A)** | **Non-cash  (B)** | **Excess cash-eq.**  **If(A>B,A-B,0)** | **Excess noncash**  **If(B>A,B-A,0)** |
| CM Prop | 100 | 40 | 60 | 0 |
| TM-1 Prop | 0 | 0 | 0 | 0 |
| TM-1 Cli-1 | 200 | 250 | 0 | 50 |
| TM-1 Cli-2 | 70 | 10 | 60 | 0 |
| TM-1 Cli-3 | 70 | 100 | 0 | 30 |
| TM-2 Prop | 300 | 200 | 100 | 0 |
| TM-2 Cli-4 | 70 | 90 | 0 | 20 |
| TM-2 Cli-5 | 50 | 100 | 0 | 50 |

Considering TM-1, the excess cash-equivalent collateral of TM-1 Cli-2 cannot be used to offset the excess non-cash collateral of TM-1 Cli-1 and TM-1 Cli-3. Therefore, there will be excess non-cash collateral to the extent of 80 (50 for Cli-1 and 30 for Cli-3) under TM-1.

Considering TM-2, the excess proprietary cash-equivalent collateral of TM-2 can be used to offset the excess non-cash collateral of TM-2 Cli-4 and TM-2 Cli-5. Therefore, there will be no excess noncash collateral under TM-2.

Summary of excess cash-equivalent and excess non-cash collateral under CM prop, TM-1 and TM-2 would be as under:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Excess Cash-eq** | **Excess noncash** |
| CM Prop | 60 | - |
| TM-1 | - | 80 |
| TM-2 | 30 | - |

The excess cash-equivalent collateral of TM-2 cannot be used to offset the excess non-cash collateral of TM-1. However, the excess cash-equivalent collateral of CM Prop can be used to offset excess non-cash collateral of TM-1. Therefore, the overall excess non-cash collateral will be 20, for TM-1.

|  |  |
| --- | --- |
| **Entity** | **Excess noncash** |
| TM-1 | 20 |

The benefit of this excess non-cash collateral (20) will not be available under TM-1. The entities who will get benefit would be identified on FIFO basis of margin utilisation. Accordingly, considering the clients trade in order as Cli 3 first and Cli 1 second then collateral considered as per margin utilisation shall be as under

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Entity** | **Cash-equivalent**  **(A)** | **Non-cash  (B)** | **Margins** | **Collateral considered** | **Collateral Not considered** |
| TM-1 Cli-3 | 70 | 100 | 170 | 170 | 0 |
| TM-1 Cli-1 | 200 | 250 | 450 | 430 | 20 |

# Example for change in collateral allocation

1. **Examples for checking for change in allocation**

Suppose a SCM has following collateral:

|  |  |
| --- | --- |
| **Entity** | **Cash (Rs)** |
| SCM Prop | 200 |
| Cli-1 | 200 |
| Cli-2 | 200 |

Out of the total available cash of Rs 600, suppose the SCM has provided an FDR of Rs 400 to the CC (with Rs 200 cash remaining with the member). Suppose, the FDR provided to the CC is allocated by the SCM as follows. Here, the SCM has chosen not to allocate any collateral to Cli-2 in the total collateral placed with the CC:

|  |  |
| --- | --- |
| **Entity** | **Collateral allocated (Rs)** |
| SCM Prop | 200 |
| Cli-1 | 200 |

Suppose the margin requirement is as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Margin blocked (Rs)** |
| CM Prop | 200 | 160 |
| Cli-1 | 200 | 150 |

Change in allocation: Example 1

The member shall be permitted to change the allocation as follows (i.e. the member chooses to consider the cash retained with it to be as Rs 50 belonging to Cli-1 and Rs 150 belonging to Cli-2):

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CM Prop | 200 |
| Cli-1 | 150 |
| Cli-2 | 50 |

Change in allocation: Example 2

The member shall not be permitted to change the allocation as follows (i.e. the member chooses to consider the cash retained with it to be as Rs 100 belonging to each client):

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CM Prop | 200 |
| Cli-1 | 100 |
| Cli-2 | 100 |

This allocation shall not be permitted since Cli-1 has a margin requirement of Rs 150.

1. **Examples for change in allocation to other segments and for release**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Current** | | | **Proposed** | | |
| **Entity** | **Seg** | **Amount** | **Entity** | **Seg** | **Amount** |
| CM 1 Prop | CM | 10,00,00,000 | CM 1 Prop | CM | 5,00,00,000 |
| CM 1 Prop | FO | 3,00,00,000 | CM 1 Prop | FO | 6,00,00,000 |
| TM XYZ Prop | CM | 4,00,00,000 | TM XYZ Prop | CM | 2,00,00,000 |
| TM XYZ Cli ABC | CM | 0 | TM XYZ Cli ABC | FO | 2,00,00,000 |
| TM XYZ Cli DEF | CM | 50,00,000 | TM XYZ Cli DEF | FO | 50,00,000 |
| TM 123 Prop | CM | 5,00,00,000 | TM 123 Prop | CM | 2,50,00,000 |
| TM 123 Cli 456 | CM | 50,00,000 | TM 123 Cli 456 | CM | 0 |
| Unallocated | - | 0 | Unallocated (For release) | - | 5,00,00,000 |
| Total |  | 23,00,00,000 |  |  | 23,00,00,000 |

**Records to be uploaded in file/API shall be**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Current Date | Seg | CM Code | TM Code | CP Code | Cli Code | Acc Type | Amount | Filler1 | Filler2 | Filler3 | Filler4 | Filler5 | Filler6 | Action |
| 01-Mar-22 | CM | CM1 |  |  |  | P | 5,00,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | XYZ |  |  | P | 2,00,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | XYZ |  | DEF | C | 0 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | 123 |  |  | P | 2,50,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | 123 |  | 456 | C | 0 |  |  |  |  |  |  | D |
| 01-Mar-22 | FO | CM1 |  |  |  | P | 6,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | FO | CM1 | XYZ |  | ABC | C | 2,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | FO | CM1 | XYZ |  | DEF | C | 50,00,000 |  |  |  |  |  |  | U |

All downward allocation records to be sent/kept before the upward allocation records

1. **Change in allocation and release for G-sec place thru E-Kuber**

* CMs shall be permitted change allocation of G-sec placed thru E-Kuber. CMs shall upload a file in NMASS – Collateral Management – Gsec Reallocation module.
* Change in G-Sec allocation shall be done subject to margin check as mentioned above.
* The format of the file to be uploaded shall be as under:

1. *Request File Format:*

* Nomenclature

<MEMCODE>\_GSEALLOC\_<DDMMYYYY>.T<batchno>

Where Member code – Primary Member Code

DDMMYYYY - Current business date

Batch No – Unique four digit no. This batch no will be sequential (incremental) for the day across segments.

* *File structure:*

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Length** | **Description** |
| 1 | Current Date | 11 | DD-MON-YYYY |
| 2 | Source Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 3 | Source TM Code | 5 | TM Code |
| 4 | Source CP Code | 12 | CP Code |
| 5 | Source Cli Code | 10 | Cli Code |
| 6 | Source CM Code | 5 | Primary Member Code |
| 7 | ISIN | 12 |  |
| 8 | Face Value | (13) | Amount |
| 9 | Target Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 10 | Target TM Code | 5 |  |
| 11 | Target CP code | 12 |  |
| 12 | Target Cli Code | 10 |  |
| 13 | Target CM Code | 5 | Primary Member Code |

**Response Return File format:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Length** | **Description** |
| 1 | Current Date | 11 | DD-MON-YYYY |
| 2 | Source Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 3 | Source TM Code | 5 | TM Code |
| 4 | Source CP Code | 12 | CP Code |
| 5 | Source Cli Code | 10 | Cli Code |
| 6 | Source CM Code | 5 | Primary Member Code |
| 7 | ISIN | 12 |  |
| 8 | Face Value | (13) | Amount |
| 9 | Target Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 10 | Target TM Code | 5 |  |
| 11 | Target CP code | 12 |  |
| 12 | Target Cli Code | 10 |  |
| 13 | Target CM Code | 5 | Primary Member Code |
| 14 | Error Code | 8 |  |

**Validations:**

* Response code shall be populated in the field “**Error Code**” in the response return file.
* It shall be of below format
* First four characters (Field Identifier): refers to specific field or the entire message
* Next characters (Validation code): refers to specific validation failure or success. Success code shall be populated only on successful acceptance of the message.
  1. Field Identifier

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Field Identifier** |
| 1 | Entire Record | 0105 |
| 2 | Current Date | 0107 |
| 3 | Face Value | 0314 |
| 4 | Target Segment | 0315 |
| 5 | Target TM Code | 0316 |
| 6 | Target CP code | 0317 |
| 7 | Target Cli Code | 0318 |
| 9 | Target CM Code | 0319 |

* 1. Validation Codes

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Validation** | **Validation**  **Code** | **Validation performed on Field** |
| 1 | Submitted to server successfully. | NA | NA |
| 2 | Status  Request Rejected due to higher margin utilization - 0103  Request partially accepted due to higher margin utilization – 0104  Request accepted successfully - 0100  Processing – 0102 | 0103  0104  0100  0102 | Entire request |
| 3 | Minimum Required Length | 0201 | All Fields |
| 4 | Maximum Required Length | 0202 | All Fields |
| 5 | Range validation | 0203 | All Fields |
| 6 | Mandatory Field | 0204 | All Fields |
| 7 | Special Characters not allowed | 0205 | All Fields |
| 8 | Data Format like Msg Id or File Name/ Date Format | 0206 | All Fields |
| 9 | Minimum allowed value | 0207 | All Fields |
| 10 | Maximum allowed value | 0208 | All Fields |
| 11 | Invalid Value | 0209 | All Fields |
| 12 | Duplicate MsgID /File Name | 0210 | All Fields |
| 13 | Service Unavailable | 0212 | NA |
| 14 | System Error | 0213 | NA |
| 15 | Number of records | 0214 | Number of records submitted is greater than configured allowed records per request. |
| 16 | Current Date | 0217 | Current Date |
| 17 | Face Value  Should be multiple of hundreds. | 0423 | Face Value |
| 18 | Segment  Valid segment  CM  FO  CD  DT  SLB | 0424 | Target Segment |
| 19 | Primary Member Code | 0425 | Target CM Code |
| 20 | Trading Member Code  Should be the part of valid CM-TM link of specified segment | 0426 | Target TM Code |
| 21 | CP code  Should be the part of valid CM-TM link of specified segment | 0427 | Target CP Code |
| 22 | Invalid/wrong source information. | 0428 | Source Segment  Source TM code  Source CP code  Source Cli code  Source CM code  Source ISIN |

Note: The segment to be selected while uploading the file shall be the segment where the G-sec is currently allocated

For release of G-sec placed thru E-Kuber CMs shall select the records in CIM and the same shall be released subject to margin checks.

# SPAN margin computation methodology

**Initial margin computation methodology**

The initial margin would be calculated by the NSE Clearing system (PRISM) using **SPAN®\*** which is portfolio based risk management system.

**Basic objective of SPAN system**

The objective of SPAN is to identify overall risk in a portfolio of futures and options contracts for each member. The system treats futures and options contracts uniformly, while at the same time recognizing the unique exposures associated with options portfolios like extremely deep out-of-the-money short positions, inter-month risk and inter-commodity risk.

Because SPAN is used to determine performance bond requirements (margin requirements), its overriding objective is to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day.

In standard pricing models, three factors most directly affect the value of an option at a given point in time:

1. Underlying market price
2. Volatility (variability) of underlying instrument
3. Time to expiration

As these factors change so too will the value of futures and options maintained within a portfolio. SPAN constructs scenarios of probable changes in underlying prices and volatilities in order to identify the largest loss a portfolio might suffer from one day to the next. It then sets the margin requirement at a level sufficient to cover this one-day loss.

**Mechanics of SPAN**

The complex calculations (e.g. the pricing of options) in SPAN are executed by the Clearing Corporation. The results of these calculations are called **Risk arrays**. Risk arrays, and other necessary data inputs for margin calculation are then provided to members in a file called the **SPAN Risk Parameter file**. This file will be provided to members on a daily basis.

Members can apply the data contained in the Risk parameter files, to their specific portfolios of futures and options contracts, to determine their SPAN margin requirements.

Hence members need not execute complex option pricing calculations, which would be performed by NSCCL. SPAN has the ability to estimate risk for combined futures and options portfolios, and re-value the same under various scenarios of changing market conditions.

**Risk Arrays**

The SPAN risk array represents how a specific derivative instrument (for example, an option on NIFTY index at a specific strike price) will gain or lose value, from the current point in time to a specific point in time in the near future (typically it calculates risk over a one day period called the ‘look ahead time’), for a specific set of market conditions which may occur over this time duration.

The specific set of market conditions evaluated, are called the **risk scenarios**, and these are defined in terms of :

(a)    how much the price of the underlying instrument is expected to change over one trading day, and

(b)   how much the volatility of that underlying price is expected to change over one trading day.

The results of the calculation for each risk scenario – i.e. the amount by which the futures and options contracts will gain or lose value over the look-ahead time under that risk scenario - is called the **risk array value** for that scenario. The set of risk array values for each futures and options contract under the full set of risk scenarios, constitutes the **Risk Array** for that contract.

In the Risk Array, losses are represented as positive values, and gains as negative values. Risk array values are typically represented in the **currency** (Indian Rupees) in which the futures or options contract is denominated.

SPAN further uses a standardized definition of the risk scenarios, defined in terms of

(i)                  the underlying **‘price scan range’** or probable price change over a one day period,

(ii)                and the underlying price **‘volatility scan range’** or probable volatility change of the underlying over a one day period.

These two values are often simply referred to as the ‘**price scan range’** and the ‘**volatility scan range’**. There are **sixteen** risk scenarios in the standard definition. These scenarios are listed as under:

1.      Underlying unchanged; volatility up

2.      Underlying unchanged; volatility down

3.      Underlying up by 1/3 of price scanning range; volatility up

4.      Underlying up by 1/3 of price scanning range; volatility down

5.      Underlying down by 1/3 of price scanning range; volatility up

6.      Underlying down by 1/3 of price scanning range; volatility down

7.      Underlying up by 2/3 of price scanning range; volatility up

8.      Underlying up by 2/3 of price scanning range; volatility down

9.      Underlying down by 2/3 of price scanning range; volatility up

10.  Underlying down by 2/3 of price scanning range; volatility down

11.  Underlying up by 3/3 of price scanning range; volatility up

12.  Underlying up by 3/3 of price scanning range; volatility down

13.  Underlying down by 3/3 of price scanning range; volatility up

14.  Underlying down by 3/3 of price scanning range; volatility down

15.  Underlying up extreme move, double the price scanning range (cover 35% of loss)

16.  Underlying down extreme move, double the price scanning range (cover 35% of loss)

SPAN uses the risk arrays to scan probable underlying market price changes and probable volatility changes for all contracts in a portfolio, in order to determine value gains and losses at the portfolio level. This is the single most important calculation executed by the system.

As shown above in the sixteen standard risk scenarios, SPAN starts at the last underlying market settlement price and scans up and down three even intervals of price changes (‘price scan range’).

At each ‘price scan point’, the program also scans up and down a range of probable volatility from the underlying market's current volatility (‘volatility scan range’). SPAN calculates the probable premium value at each price scan point for volatility up and volatility down scenario. It then compares this probable premium value to the theoretical premium value (based on last closing value of the underlying) to determine profit or loss.

Deep-out-of-the-money short options positions pose a special risk identification problem. As they move towards expiration, they may not be significantly exposed to "normal" price moves in the underlying. However, unusually large underlying price changes may cause these options to move into-the-money, thus creating large losses to the holders of short option positions. In order to account for this possibility, two of the standard risk scenarios in the Risk Array (sr. no. 15 and 16) reflect an "extreme" underlying price movement, currently defined as double the maximum price scan range for a given underlying. However, because price changes of these magnitudes are rare, the system only covers 35% of the resulting losses.

After SPAN has scanned the 16 different scenarios of underlying market price and volatility changes, it selects the largest loss from among these 16 observations. This "largest reasonable loss" is the ‘Scanning Risk Charge’ for the portfolio - in other words, for all futures and options contracts.

**Composite Delta**

SPAN uses delta information to form spreads between futures and options contracts. Delta values measure the manner in which a future's or option's value will change in relation to changes in the value of the underlying instrument. Futures deltas are always 1.0; options deltas range from -1.0 to +1.0. Moreover, options deltas are dynamic: a change in value of the underlying instrument will affect not only the option's price, but also its delta.

In the interest of simplicity, SPAN employs only one delta value per contract, called the "Composite Delta." It is the weighted average of the deltas associated with each underlying ‘price scan point’. The weights associated with each ‘price scan point’ are based upon the probability of the associated price movement, with more likely price changes receiving higher weights and less likely price changes receiving lower weights.  Please note that Composite Delta for an options contract is an estimate of the contract's delta after the lookahead - in other words, after one trading day has passed.

**Calendar Spread or Intra-commodity or Inter-month Risk Charge**

As SPAN scans futures prices within a single underlying instrument, it assumes that price moves correlate perfectly across contract months. Since price moves across contract months do not generally exhibit perfect correlation, SPAN adds an Calendar Spread Charge (also called the Inter-month Spread Charge) to the Scanning Risk Charge associated with each futures and options contract. To put it in a different way, the Calendar Spread Charge covers the calendar (inter-month etc.) basis risk that may exist for portfolios containing futures and options with different expirations.

For each futures and options contract, SPAN identifies the delta associated each futures and option position, for a contract month. It then forms spreads using these deltas across contract months. For each spread formed, SPAN assesses a specific charge per spread which constitutes the Calendar Spread Charge.

The margin for calendar spread shall be calculated on the basis of delta of the portfolio in each month. Thus a portfolio consisting of a near month option with a delta of 100 and a far month option with a delta of –100 would bear a spread charge equivalent to the calendar spread charge for a portfolio which is long 100 near month futures contract and short 100 far month futures contract.

S**hort Option Minimum Charge**

Short options positions in extremely deep-out-of-the-money strikes may appear to have little or no risk across the entire scanning range. However, in the event that underlying market conditions change sufficiently, these options may move into-the-money, thereby generating large losses for the short positions in these options. To cover the risks associated with deep-out-of-the-money short options positions, SPAN assesses a minimum margin for each short option position in the portfolio called the Short Option Minimum charge, which is set by the NSCCL. The Short Option Minimum charge serves as a minimum charge towards margin requirements for each short position in an option contract.

For example, suppose that the Short Option Minimum charge is Rs. 50 per short position. A portfolio containing 20 short options will have a margin requirement of at least Rs. 1,000, even if the scanning risk charge plus the inter month spread charge on the position is only Rs. 500.

**Net option value**

In the above scenario only sell positions are margined and offsetting benefits for buy positions are given to the extent of long positions in the portfolio by computing the net option value.

**Computation of Initial Margin - Overall Portfolio Margin Requirement**

The total margin requirements for a member for a portfolio of futures and options contract would be computed as follows:

(i)                  SPAN will add up the Scanning Risk Charges and the Intracommodity Spread Charges.

(ii)                SPAN will compares this figure (as per i above) to the Short Option Minimum charge

(iii)               It will select the larger of the two values between (i) and (ii)

(iv)              Total SPAN Margin requirement is equal to SPAN Risk Requirement (as per iii above), less the ‘net option value’, which is mark to market value of difference in long option positions and short option positions.

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# Example for blocking of margins

Suppose the total collateral (allocated collateral plus securities collateral placed through margin pledge/ repledge to CC) available against various entities are as given below.

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CMTM Prop | 1000 |
| TM-1 Prop | 500 |
| TM-1 Cli-1 | 300 |
| TM-1 Cli-2 | 300 |

* Trade-1: TM-1 Cli-2 trades with margin requirement of Rs 100. Blocking of margin shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 0 |
| TM-1 Prop | 500 | 0 |
| TM-1 Cli-1 | 300 | 0 |
| TM-1 Cli-2 | 300 | 100 |

* Trade-2: TM-1 Cli-1 trades with margin requirement of Rs 600. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 0 |
| TM-1 Prop | 500 | 300 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 100 |

* Trade-3: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of Rs 600. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 100 |
| TM-1 Prop | 500 | 500 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 300 |

* Trade-4: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of Rs 900. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 400 |
| TM-1 Prop | 500 | 500 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 300 |

In the above examples, the collateral of Rs 500 blocked from the TM1-Prop, and the collateral of Rs 400 blocked from CMTM Prop, shall be deemed to be allocated to TM-1 Cli-1 and TM-1 Cli-2. The deemed allocation would be as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Client** | **Margin (Rs)** | **Blocked from client collateral (Rs)** | **Deemed allocation from TM-1 Prop (Rs)** | **Deemed allocation from CMTM Prop to TM-1 Prop (Rs)** |
| TM-1 Cli-1 | 600 | 300 | 300 | 400 |
| TM-1 Cli-2 | 900 | 300 | 600 |

To clarify, the deemed allocation from CMTM Prop to TM-1 Prop is Rs 400, therefore the total TM-1 Prop collateral (including deemed allocated) would be Rs 900 (Rs 500 + Rs 400). Out of this, the excess client margin would be considered to be deemed allocated to the respective client

# Example for monitoring of risk reduction mode

Suppose the total collateral (allocated collateral plus securities collateral placed through margin pledge/ repledge to CC) available against various entities, along with their margin obligations, are as given below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CM** | **TM** | **Client** | **Collateral (Rs)** | **Margin (Rs)** | **CliMrgn>90% (Rs)** |
| CM-1 | - | Prop | 1200 | 800 | - |
| CM-1 | TM-1 | Prop | 500 | 400 | - |
| CM-1 | TM-1 | Client-1 | 800 | 780 | 60 |
| CM-1 | TM-1 | Client-2 | 500 | 450 | 0 |
| CM-1 | TM-1 | Client-3 | 400 | 380 | 20 |
| CM-1 | TM-2 | Prop | 500 | 200 | - |
| CM-1 | TM-2 | Client-4 | 1000 | 920 | 20 |
| CM-1 | TM-2 | Client-5 | 1000 | 880 | 0 |

TM level monitoring

In the above table, “CliMrgn>90%”, or client margin in excess of 90%, has been calculated as margin for the client less 90% of the client collateral. Risk reduction mode monitoring for TM shall be based on assessment of [TM Prop Margin + CliMrgn>90%] against the [TM Prop collateral]. Accordingly, margin utilization percentage of TM1 and TM2 would be as under:

* Margin utilization percentage of TM1 = [400 + (60 + 0 + 20)] /500 = 96%

* Margin utilization percentage of TM2 = [200 + (20 + 0)] /500 = 44%

In other words, for TM1 margin of Rs 30 is in excess of 90% of its prop collateral, while there is no excess margin for TM2 against its prop collateral. The same have been tabulated below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TM** | **Total CliMrgn>90% (Rs)** | **Prop Margin (Rs)** | **90% of TM prop collateral (Rs)** | **TMMrgn>90% (Rs)** |
| TM-1 | 80 | 400 | 450 | 30 |
| TM-2 | 20 | 200 | 450 | 0 |

CM level monitoring

In the above table, “TMMrgn>90%”, or TM Margin in excess of 90%, has been calculated as [CliMrgn>90% + TM Prop margin] in excess of 90% of TM prop collateral. Risk reduction mode monitoring for CM shall be based on assessment of [CM Prop Margin + TMMrgn>90%] against the [CM Prop Collateral]. Accordingly, margin utilization percentage of CM1 would be as under:

* Margin utilization percentage of CM1 = [800 + (30 + 0)]/1200 = 69.1%

# Example of computation of offsetting positions for cross margining

Example: A hypothetical Index Q with constituent underlying stocks A & B have weight-ages as stated below. Based on the weight-ages the number of units required to be considered as a complete replica is computed as under:

|  |  |  |
| --- | --- | --- |
| Underlying | Weight% | Units Required |
| Index Q |  | 50 |
| Stock A | 60 | 30 |
| Stock B | 40 | 20 |

The portfolio will be considered as a complete replica if the client has Long 50 units of Index Q Futures and Short positions in Stock A/Stock Futures A to extent of 30 units and short positions in Stock B/Stock Futures B to the extent of 20 units.

Assuming a client has the following positions in his portfolio.  A (+) sign indicates a long position and (-) indicates a short position.

|  |  |  |
| --- | --- | --- |
| Underlying | Expiry / Month | Open Position |
| Index Q Futures | Jan 10 | +50 |
| Feb 10 | -75 |
| Stock futures of A | Jan 10 | -20 |
| Feb 10 | +70 |
| Stock futures of B | Jan 10 | -60 |
| Feb 10 | +10 |
| Position in Stock A (CM Segment) |  | -50 |
| Position in Stock B (CM Segment) |  | +30 |

The cross margin benefit shall be provided as under:

Index Futures to Constituent Stocks/Stock Futures positions

|  |  |  |
| --- | --- | --- |
| Underlying | Expiry Month | Benefit qty |
| Index Q Futures | Jan 10 | 50 |
| Stock futures of A | Jan 10 | -20 |
| Position in Stock A (CM Segment) |  | -10 |
| Stock futures of B | Jan 10 | -20 |
|  |  |  |
| Index Q Futures | Feb 10 | -50 |
| Stock futures of A | Feb 10 | 30 |
| Stock futures of B | Feb 10 | 10 |
| Position in Stock B (CM Segment) |  | 10 |

Stock Futures to Stocks

|  |  |  |
| --- | --- | --- |
| Underlying | Expiry Month | Benefit qty |
| Stock futures of A | Feb 10 | 40 |
| Position in Stock A (CM Segment) |  | -40 |
| Stock futures of B | Jan 10 | -20 |
| Position in Stock B (CM Segment) |  | 20 |

# Format of files to be uploaded by the clearing member giving client wise details for availing cross margining benefit

The file shall be in CSV format.

Naming convention: CMPYYYYMMDD.Tnn

where:

<YYYYMMDD> is the current date

and ‘nn’ is the batch number of the file

The files are required to be uploaded in the following path in NSCCL –MASS

Home Page> Cross Margin> File upload

**Control record:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Description** |
| 1. | Record Type | CHAR(2) | Value = 01 |
| 2. | File Type | CHAR(3) | Value = CMP |
| 3. | Member Code | CHAR(5) | Primary Member code of the clearing member |
| 4. | Batch Date | CHAR(8) | Format : YYYYMMDD  Should be same as that in the file name |
| 5. | Number of records | Number(7) | Total number of records in the file |

**Detail record:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field** | **Length** | **Description** |
| 1. | Record Type | CHAR(2) | Value :  10 for proprietary code  20 for retail client code  30 for Custodial Participant code |
| 2. | Code | CHAR(12) | Value :  For proprietary code it shall be PRO\_TMCODE  For retail client code it shall be client code allotted to the client and used during order execution  For Custodial Participant code it shall be 12 digit alphanumeric code allotted by NSCCL for such custodial participant |

**Return files:**

The files uploaded by the member shall be processed and return files shall be downloaded in NSCCL –MASS. Members can check the return files at

Home Page> Cross Margin> File download

In case the file uploaded by the member gets rejected, then the file extension ‘Tnn’ will get replaced with ‘Rnn’

The naming convention for return files will be:

<XXXXX>\_CMPYYYYMMDD.Rnn

Where XXXXX shall be the Primary member code

<YYYYMMDD> is the trade date

and ‘nn’ is the batch number of the file

In case the file is accepted (success) then the file extension ‘Tnn’ will get replaced with ‘Snn’ and the return file will be downloaded to the members on NSCCL –MASS. The return file with extension ‘Snn’ will have S appended for successful records and F appended for rejected records.

The naming convention for return files will be:

<XXXXX>\_CMPYYYYMMDD.Snn

Where XXXXX shall be the Primary member code

<YYYYMMDD> is the trade date

and ‘nn’ is the batch number of the file

Members are required to take note of following whilst uploading the client codes eligible for cross margining-

1. Members shall upload all eligible client codes in a single file only.
2. If any modification or deletion is required in the file then the member will upload new file with all records.
3. The latest file uploaded by the member shall be considered as final

# Agreement between Member, Custodian & Constituent for Availing Cross Margining Benefit

This agreement is made on this \_\_\_\_ day of \_\_\_\_ 20

**Between**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as  “the  Member”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) of the First Part

**And**

\_\_\_\_\_\_\_\_\_\_\_\_\_, a company incorporated under the Companies Act, 1956 and having its registered office at, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and its corporate office at \_\_\_\_\_\_\_\_\_\_\_\_\_(hereinafter referred to as  “the Custodian”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) of the Second Part

**And**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/ partnership firm/ individual having its registered office/ office/ residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called “the Constituent”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns) of the Third Part.

**WHEREAS,**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) vide its Circular No. SEBI/DNPD/Cir-44/2008 dated 2nd December 2008 has decided to extend cross margining facility across cash and derivatives segments to all categories of market participants.
2. Pursuant to the said direction of SEBI, in order to facilitate cross margining, the inter-se distribution of liability/responsibility in the event of default are to be laid down in the agreements.
3. The Member is registered as a Clearing Member of NSE Clearing Ltd. (hereinafter referred to as “NCL”) and has agreed to clear & settle the trades done by the Constituent through a trading member or trading members of Specified Exchange subject to the provisions contained in the Rules, Bye Laws, Regulations and Circulars of NCL (Futures & Options Segment) and the terms and conditions contained herein.
4. The Custodian is registered as a Clearing Member of NCL. The Custodian clears and settles the trades done by the Constituent in the Capital Market Segment as a Clearing Member of NCL.
5. The Constituent is desirous of availing the cross margining facility and has approached the Member and the Custodian.
6. The Member and the Custodian has agreed to request NCL to provide the benefit of cross margining to the Constituent subject to the terms and conditions contained herein.

**Now therefore this agreement witnesseth and it is hereby agreed by and between the parties hereto as under**

1. The Member and the Constituent entered into Custodial Participant Agreement (hereinafter referred to as Custodial Participant Agreement) on \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_ wherein the Member at the request of the Constituent, agreed to clear & settle the trades done by the Constituent through a trading member or trading members of Specified Exchange subject to the provisions contained in the Rules, Bye Laws and Regulations of NCL (Futures & Options Segment) and the terms and conditions contained therein.
2. The Custodian and the Constituent entered into an Custodian and Client Agreement (hereinafter to as Custodian Agreement) on \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_ wherein the Constituent has engaged the services of Custodian.
3. In addition to the provisions contained in the Custodial Participant Agreement and the Custodian Agreement and notwithstanding anything contained in the said agreements, the parties agrees to be bound by the following provisions which are specific to cross margining.
4. **Cross Margining**
   1. The  Member and the Custodian have agreed to request NCL to extend cross margining facility to the Constituent subject to the terms and conditions as contained herein and the Constituent agree to avail the same.
   2. The parties agree to be bound by SEBI Circular No SEBI/DNPD/Cir-44/2008  dated 2nd December, 2008 and Circulars issued by SEBI from time to time with respect to cross margining.
   3. The parties agree to be bound by the Rules, Byelaws, Regulations and Circulars issued from time to time by NCL/ Specified exchange including provisions with respect to cross margining.
   4. The parties agree that cross margin benefit shall be for such positions in one or more trading segments/clearing segments and shall be subject to such terms and conditions as may be prescribed by NCL/ Specified exchange if any from time to time.
   5. In case of default by the Clearing Members arising out of the positions in one or more clearing segments, the Constituent agrees and understands that NCL may utilise the margins or any other monies furnished in any clearing segment by its Clearing Members, who clears and settles the deals pertaining to the Constituent, in order to meet the obligations arising out of such positions.
   6. In case of default by the Clearing Members arising out of the positions in one or more clearing segments, the Constituent agrees and understands that the outstanding positions of Clearing Members, who clears and settles the deals pertaining to the Constituent, in any or all clearing segments may be closed out by NCL in accordance with Rules, Byelaws, Regulations and Circulars issued from time to time by NCL.

IN WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**MEMBER                                         :**

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

Signed for and on behalf of

**CUSTODIAN                                   :**

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

Signed for an on behalf of

**CONSTITUENT** :

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

**Instruction**

1) The agreement to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Agreement to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office

2) All the blanks in the format are required to be duly filled and signed by the signatories to the agreement

# Amendment agreement to the Clearing Member – Trading Member agreement for availing Cross Margining Benefit

This agreement is made on this \_\_\_\_ day of \_\_\_\_ 20

**Between**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/partnership firm/individual having its registered office/office/residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having SEBI Registration No. \_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the Clearing Member) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns)

**And**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a company/partnership firm/individual having its registered office/office/residence at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having SEBI Registration No. \_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called the Trading Member) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

**WHEREAS,**

1. The  Clearing Member and the  Trading Member entered into Clearing Member and Trading Member Agreement (hereinafter referred to as “Agreement”) on \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_ ,wherein the Clearing Member has undertaken to the total exclusion of the Trading Member, the obligation of clearing and settlement of the deals of the Trading Member executed/done on the Futures & Options Segment of Specified Exchange and to do all the acts, deeds and activities incidental to the clearing and settlement of the deals.
2. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) vide its Circular No. SEBI/DNPD/Cir-44/2008 dated 2nd December 2008 has decided to extend cross margining facility across cash and derivatives segments to all categories of market participants.
3. Pursuant to the said direction of SEBI, in order to facilitate cross margining, the inter-se distribution of liability/responsibility in the event of default are to be laid down in the agreements. Accordingly, amendments are required to be carried out in the Agreement entered into by the Clearing Member and the Trading Member.
4. The Trading Member is desirous of availing the cross margining facility and has approached the Clearing Member.
5. The Clearing Member has agreed to request NCL to provide the same subject to the terms and conditions contained herein.
6. In view of the above, therefore the parties hereto are desirous of amending the Agreement for the purpose of including certain specific provisions for the purpose of availing cross margin benefit.

**Now therefore this agreement witnesseth and it is hereby agreed by and between the parties hereto as under:**

1. Both the parties agree that after clause 5 the following clause shall be inserted as clause 5A in the Agreement.

5A       **Cross Margining**

1. The Clearing Member agrees to request NCL to extend cross margining facility to the Trading Member/constituents of the Trading Members subject to the terms and conditions as contained herein.
2. The Trading Member agrees to intimate to the Clearing Member from time to time the constituents to whom the cross margin benefit shall be provided.
3. The parties agree to be bound by SEBI Circular No SEBI/DNPD/Cir-44/2008  dated 2nd December, 2008 and Circulars issued by SEBI from time to time with respect to cross margining.
4. The parties agree to be bound by the Rules, Byelaws, Regulations and Circulars issued from time to time by NCL/ Specified exchange including provisions with respect to cross margining.
5. The parties agree that cross margin benefit shall be for such positions in one or more trading segments/clearing segments and shall be subject to such terms and conditions as may be prescribed by NCL/ Specified exchange if any from time to time.
6. In case of default by the Clearing Member arising out of the positions in one or more clearing segments, the Trading Member agrees and understands that NCL may utilise the margins or any other monies furnished in any clearing segment by its Clearing Members, in order to meet the obligations arising out of such positions.
7. In case of default by the  Clearing Member arising out of the positions in one or more clearing segments, the Trading Member agrees and understands that the outstanding positions of such Clearing Members, may be closed out by NCL in accordance with Rules, Byelaws, Regulations and Circulars issued from time to time by NCL.
8. In case of default by the Trading Member arising out of the positions in one or more clearing segments, the Clearing Member  shall be entitled to utilise the margins or any other monies of the Trading Member in any other clearing segment in order to meet the obligations arising out of such positions.
9. In case of default by the Trading Member arising out of the positions in one or more clearing segments, the Clearing Member shall be entitled to close-out the positions of the Trading Member  in any or all clearing segments in accordance with Rules, Byelaws,  Regulations and Circulars issued from time to time by NCL.
10. The parties agree that notwithstanding anything contained in the Agreement to the contrary, the parties shall be bound by the above provisions with respect to cross margining.

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**CLEARING MEMBER                  :**

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

Signed for an on behalf of

**TRADING MEMBER** :

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

**Instruction**

1) The agreement to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Agreement to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office

2) All the blanks in the format are required to be duly filled and signed by the signatories to the agreement

# Agreement between stock broker & client for availing cross margining benefit

This agreement is made on this \_\_\_\_ day of \_\_\_\_ 2010

**Between**

Mr./Ms/M/s.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual/a sole proprietary concern/a partnership firm/a body corporate, registered/incorporated under the provisions of the Indian Partnership Act, 1932/the Companies Act, 1956, being a member Specified exchange , and having his /her/its registered office at \_\_\_\_\_\_\_\_\_\_\_ (hereinafter called “the  Stock Broker”) which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include himself in the capacity of a trading member while trading in the derivatives segment, his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said firm, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the One Part;

**And**

Mr./Ms/M/s.\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual/a sole proprietary concern/a partnership firm/a body corporate, registered/incorporated, under the provisions of the IndianPartnership Act, 1932/the Companies Act, 1956, having his/her/its residence/registered office at \_\_\_\_\_\_\_\_\_\_\_(hereinafter called “the Client”) whichexpression shall, unless repugnant to the context or meaning thereof, be deemedto mean and include his/her heirs, executors, administrators and legalrepresentatives/the partners for the time being of the said firm, the survivor orsurvivors of them and their respective heirs, executors, administrators and legalrepresentatives/its successors, as the case may be, of the Other Part;

**WHEREAS,**

1. The Stock Broker and the Client entered into a Stock Broker and Client Agreement (hereinafter referred to as Client Agreement) on \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_ wherein the Client has engaged the Stock Broker to deal in securities and/or deal in derivatives contracts and to execute the Client orders through the Stock Broker.
2. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) vide its Circular No. SEBI/DNPD/Cir-44/2008 dated 2nd December 2008 has decided to extend cross margining facility across cash and derivatives segments to all categories of market participants.
3. Pursuant to the said direction of SEBI, in order to facilitate cross margining, the inter-se distribution of liability/responsibility in the event of default are to be laid down in the agreements. Accordingly, amendments are required to be carried out in the Client Agreement entered into by the Stock Broker and the Client.
4. The Client is desirous of availing the cross margining facility and has approached the Stock Broker.
5. The Stock Broker is registered as a Clearing Member of NSE Clearing Ltd. (hereinafter referred to as “NCL”) and has agreed to facilitate provision of the benefit of cross margining in the Capital Market Segment as well as Futures and Options Segment and such other segment as may be specified by SEBI and NCL from time to time to the Client subject to the terms and conditions contained herein.
6. In view of the above, therefore the parties hereto are desirous of amending the Client Agreement for the purpose of including certain specific provisions for the purpose of availing cross margin benefit.

**Now therefore this agreement witnesseth and it is hereby agreed by and between the parties hereto as under**

1.      Both the parties agree that after clause 21 the following clause shall be inserted as clause 21A in the Client Agreement

21A.    **Cross Margining**

1. The Stock Broker agrees to request NCL to extend cross margining facility to the Client in the Capital Market Segment subject to the terms and conditions as contained herein and the Client agree to avail the same.
2. The parties agree to be bound by SEBI Circular No SEBI/DNPD/Cir-44/2008  dated 2nd December, 2008 and Circulars issued by SEBI from time to time with respect to cross margining.
3. The parties agree to be bound by the Rules, Byelaws, Regulations and Circulars issued from time to time by NCL/ Specified exchange including provisions with respect to cross margining.
4. The parties agree that cross margin benefit shall be for such positions in one or more trading segments/clearing segments and shall be subject to such terms and conditions as may be prescribed by NCL/ Specified exchange if any from time to time.
5. In case of default by the Stock Broker arising out of the positions in one or more clearing segments, the Client agrees and understands that NCL may utilise the margins or any other monies furnished in any clearing segment by its Clearing Members, who are clearing and settling the transactions pertaining to the Client, in order to meet the obligations arising out of such positions.
6. In case of default by the  Stock Broker arising out of the positions in one or more clearing segments, the Client agrees and understands that the outstanding positions of the Stock Broker in any or all clearing segments may be closed out by NCL in accordance with Rules, Byelaws, Regulations and Circulars issued from time to time by NCL.
7. In case where cross margin benefit is to be availed by the Client for transactions executed in Futures and Options Segment, the Client agrees that the Stock Broker shall request the Clearing Member of NCL to avail the cross margin benefit  for such transactions on behalf of the Client and such cross margin benefit shall also be subject to the terms and conditions mentioned in Clearing Member and Trading Member agreement entered into between the Clearing Member and the Stock Broker through whom transactions are cleared and settled by the Stock Broker in Futures and Options Segment and terms and conditions mentioned hereinabove shall be applicable for cross margining in Futures and Options Segment also.
8. The parties agree that notwithstanding anything contained in the Client Agreement to the contrary, the parties shall be bound by the above provisions with respect to cross margining.

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

**STOCK BROKER                           :**

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

Signed for an on behalf of

**CLIENT** :

By                                                       :

Signature                                           :

Title                                                    :

Witness                                              :

**Instruction**

1) The agreement to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Agreement to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office

2) All the blanks in the format are required to be duly filled and signed by the signatories to the agreement

# Details to be provided by F&O clearing member in case where client/entity is clearing through different members in cash and F&O segment for availing cross margining benefit

Date:

Manager

Risk Management Group

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir/Madam,

**Sub: Details of client/entity to be made eligible for cross margining**

This is with reference to your circular no.NSE/CMPT/11975 dated February 04, 2009, in respect of cross margining. In accordance with the provisions contained in this circular you are requested to provide cross margining for following client(s) clearing through us in F&O Segment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Trading Member/Custodian Code/ Name** | **Client Code/CP Code in F&O Segment** | **Client Code/CP Code in Cash Segment** | **Client/CP Name** | **Permanent Account Number(PAN) of Client** |
|  |  |  |  |  |

We have executed the necessary agreement as specified in the above mentioned circular with the trading member/custodian

Thanking you,

Yours sincerely

Authorised Signatories

Clearing Member Name :

Clearing Member Code :

Name:

Designation

Encl:

1. Copy of agreement
2. Attested copy of PAN
3. Letter from trading member/Custodian

## Format of letter to be provided by the custodian in case the client/entity clears through custodian in Cash segment

Date:

Manager

Risk Management Group

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir,

**Sub: Details of client/entity to be made eligible for cross margining**

This is with reference to your circular no.NSE/CMPT/11976 dated February 04, 2009, in respect of cross margining. In accordance with the provisions contained in this circular you are requested to provide cross margining for following client clearing through us in Cash Segment.

|  |  |  |  |
| --- | --- | --- | --- |
| **Clearing Member Code/ Name in F&O Segment** | **CP Code in Cash Segment** | **CP Name** | **Permanent Account Number(PAN) of Client** |
|  |  |  |  |

We have executed the necessary agreement as specified in the above mentioned circular with the clearing member and constituent

Thanking you,

Yours sincerely

Authorised Signatories

Custodian Name :

Custodian Code :

Name:

Designation

## Format of letter to be provided by trading member for availing cross margin benefit to client

Date:

Clearing Member Name

Clearing Member Code

Dear Sir,

**Sub: Details of client/entity to be made eligible for cross margining**

This is with reference to NSE Clearing Ltd circular no.NSE/CMPT/11975 dated February 04, 2009, in respect of cross margining. In accordance with the provisions contained in this circular we would like to provide cross margining for the following clients in the Cash and F&O segment.

|  |  |  |  |
| --- | --- | --- | --- |
| **Client Code in F&O Segment** | **Client Code in Cash Segment** | **Client Name** | **Permanent Account Number(PAN) of Client** |
|  |  |  |  |

We have executed the agreement as specified by NCL with our clients. We request you to intimate the details of the above clients to NCL for availing the cross margin facility.

Thanking you,

Yours sincerely

Authorised Signatories

TM Name :

TM Code :

Name:

Designation

## Format of letter to be provided by clearing member in F&O segment for availing cross margin benefit for their client/entity for position in F&O segment only

Date:

Manager

Risk Management Group

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir/Madam,

**Sub: Details of client/entity to be made eligible for cross margining in F&O segment only**

This is with reference to your circular no. NSE/CMPT/12051 dated February 24, 2009, in respect of cross margining. In accordance with the provisions contained in this circular you are requested to provide cross margining for following client(s) clearing through us in F&O segment only in respect of their position in the F&O segment.

|  |  |  |
| --- | --- | --- |
| **Trading Member Code** | **Client Code/CP Code in F&O Segment** | **Client/CP Name** |
|  |  |  |

Thanking you,

Yours sincerely

Authorised Signatories

Clearing Member Name :

Clearing Member Code :

Name:

Designation

Encl: 1.Letter from trading member

## 

# Format of letter to be provided by trading member for availing cross margin benefit to client for position in F&O segment only

Date:

Clearing Member Name

Clearing Member Code

Dear Sir,

**Sub: Details of client/entity to be made eligible for cross margining in F&O segment only**

This is with reference to NSE Clearing Limited (NCL) circular no. NSE/CMPT/12051 dated February 24, 2009, in respect of cross margining. In accordance with the provisions contained in this circular we would like to provide cross margining for the following clients only in respect of their position in the F&O segment.

|  |  |
| --- | --- |
| **Client Code in F&O Segment** | **Client Name** |
|  |  |

Thanking you,

Yours sincerely

Authorised Signatories

TM Name :

TM Code :

Name:

Designation

# Format Of Letter To Be Provided By Clearing Member For Disclosure Of Client Position In Index Based Contracts

Date:

Manager

Risk Management Group

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir,

**Sub: Disclosure for client position in index based contracts**

This is to inform that client position in index based contracts is exceeding 15% of open interest as on \_\_\_\_ (should be previous trade date). The details of said position are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No.** | **Client Code** | **Index** | **Client Position** | **15% of Open Interest** |
|  |  |  |  |  |
|  |  |  |  |  |

Thanking you,

Yours sincerely

Authorised Signatories

CM Name:

CM Code:

Name:

Designation:

# File format for Market Wide Position Limit across Stock Exchanges

* File Name: Combineoi\_DDMMYYYY.zip

Path: Products/Equity derivative/Daily Reports

File Format:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ISIN of the security | Name of the security | Symbol of the security | MWPL (in terms of number of shares) of the security | Current day Open Interest (in terms of number of shares ) of the security | Permissible limits for next day (in terms of number of shares) of the security |

# FPI Reporting for additional limits in index products

**File to be uploaded by clearing member:**

The name of the file to be uploaded by the clearing member in the extranet server shall be

F\_RPT\_<DDMMYYYY\_NN>.csv. (Comma Separated File)

where

-F is segment indicator

-RPT is the file type

-DDMMYYYY is the date of upload

-NN is the batch number (incremental number in case of subsequent file for same date)

The structure of the control record shall be as follows**:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Remarks** |
| 1. | Date | Should be equal to the File Batch Date.(same format as in file name) |
| 2. | Batch Number | Should be equal to the File Batch Number. (E.g.  01,02 etc) |
| 3. | Number of Records | Should be equal to the total number of detail records in the file. |

The structure of the detail record shall be as follows**:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Remarks** |
| 1. | Date | format shall be DDMMYYYY (date for which reported) |
| 2. | FPI (category I)/ / MF Registration No. | SEBI /FPI (category I)// MF registration number  e.g. (for FPI it shall be IN-AA-BB-0123-56 and for MF it shall be MF-01-23-01) |
| 3. | Reporting Indicator | ‘IDX’ for index products |
| 4. | Stock / Cash Equivalents | ‘SEC’ for holding of stocks and ‘CSH’ for others |
| 5. | Notional value | Should be with maximum two decimals |

All the fields mentioned above are mandatory

The files need to be uploaded on the extranet server in the following directory

/FAOFTP/F<MEMBER CODE>/RPT/UPLD

where

MEMBER CODE is 5 digit trading member code allotted to the member (e.g. 09999 and not M12345 or C23456)

**11.7.2  Return file to be downloaded to clearing member:**

F\_<MEMBER CODE>\_ RPTR\_<DDMMYYYY\_NN>.csv

Where

-F is segment indicator

-Member Code is 5 digit trading member code allotted to the member (eg. 09999 and not   M12345 or C23456)

-RPTR is the return file type

-DDMMYYYY is the date of upload

-NN is the batch number

The structure of the control record shall be as follows**:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Remarks** |
| 1. | Date | As reported by the member |
| 2. | Batch Number | As reported by the member |
| 3. | Number of Records | As reported by the member |

 The structure of the detail record shall be as follows**:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Remarks** |
| 1. | Date | As reported by the member |
| 2. | FPI (category I)/ MF Registration No. | As reported by the member |
| 3. | Reporting Indicator | As reported by the member |
| 4. | Stock / Cash Equivalents | As reported by the member |
| 5. | Notional value | As reported by the member |
| 6. | Status | ‘C’ for confirmed records  ‘R’ for rejected records |
| 7. | Reason | Reason for Rejection |

The files shall be downloaded on the extranet server in the following directory

/FAOFTP/F<MEMBER CODE>/RPTDNLD

where the  MEMBER CODE is 5 digit trading member code allotted to the member (eg. 09999 and not M12345 or C23456)

# Format Of Application Of Close Out Facility By Clearing Member On Behalf Of Trading Member

Date:

Manager

Risk Management Group

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir,

**Sub: Close-out facility for position of trading member**

This is with reference to your circular no. 996 dated November 09, 2009, you are requested to enable the facility for the day to close-out open positions of the following trading member(s) clearing through us as the trading member(s) has failed to close-out the open positions despite the close-out facility provided to the trading member(s).

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Trading Member Code** | **Trading Member Name** |
|  |  |  |
|  |  |  |

Thanking you,

Yours sincerely

Authorised Signatories

CM Name:

CM Code:

Name:

Designation:

# Format of file upload for application of custodial participant code

B. File format to be uploaded on NSCCL –MASS

File Name F\_<MEMBERCODE>\_CPCODE\_YYYYMMDD.Tnn

Where,

MEMBER CODE- Primary code of clearing member

YYYYMMDD- current date

nn- Batch number of the file

The structure of detail record shall be as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field Name** | **Field Characteristics** | **Details** |
| 1. | Custodial Participant Category | CHAR(11) |  |
| 2. | FPI III category type | CHAR(1) | Field should be blank |
| 3. | Investment Category | CHAR(1) | Field should be blank |
| 4. | CP code of main FPI | CHAR(12) | Field should be blank |
| 5. | Client Name | CHAR(300) |  |
| 6. | Permanent Account Number | CHAR(10) |  |
| 7. | Client Registration No / Passport No in case of NRI/ PIO | CHAR(25) |  |
| 8. | Compliance officer | CHAR(30) | Compliance officer of member |
| 9. | Country | CHAR(25) | Country of Origin/ residence |
| 10. | UCC Generated | CHAR(10) | NA |
| 11. | POA (in case of UCC) | CHAR(1) | NA |
| 12. | Net worth Declaration | CHAR(2) | Y’ – If networth is more than Rs.1 Cr of RI & DBC  ‘NA’ – For other client categories |

# Format of application for activation / deactivation of custodial participant code

(To be given by the Clearing Member on the letter head)

Date:

NSE Clearing Limited

Exchange Plaza, Bandra Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sir,

**Sub: Application - Custodial Participant Code**

|  |  |  |
| --- | --- | --- |
| **Segment** (Select as per requirement) | (CM/FO/CD/SLB/DEBT) | |
| **Type :**  1. New / Activation  2. Deactivation  3. Modification/ Transition (Name/ Category/Custodian/Clearing Member) | | |
| **Particulars** | **Applicable to ,“Type”** | **Details** |
| Category (FPI/FII/FIISA/MF/MF- Scheme /INS/ BNK/ DFI/ PF/ NRI/PMS/AIF/DBC/OTH) | 1,2,3 |  |
| FPI/FII Category (I or II) | 1 |  |
| FPI type (Select any one)  Corporate bodies=Y  Individuals=Y  Family offices=Y  Other=N | 1 | (Y/N) |
| Client Name (Please mention new name and old name in case of name change) | 1,2,3 |  |
| Client Reg. No (FPI/ MF) | 1 |  |
| Client Existing CP code (If obtained) | 1,2,3 |  |
| Name of Main/ Related FII / MF | 1,2,3 |  |
| Registration no of Main/ Related FII /MF | 1,2,3 |  |
| CP code of Main FII/MF (If Any) | 1,2,3 | CP code |
| Permanent Account Number (PAN) | 1 |  |
| Passport No. (For NRI) & expiry date | 1 |  |
| Certification (DBC) | 1 | Annexure -A |
| For Change in Custodian/ Clearing Member | 3 | Old Cust/ Clg Mem: (Name)  Old CP Code |
| Deactivation/ Modification/ Transition Effective Dt. | 2,3 |  |

The information furnished above is true to the best of my/our knowledge and belief and I/we undertake to inform that all KYC checks have been performed by us.

I/we undertake that I/we shall settle all the transactions done by the above client until deactivation and comply with such requirements as stipulated by the Exchange/Clearing Corporation from time to time.

CM/Custodian Code:

TM Code:

Thanking You,

Authorized Signatory

Annexure –A

To be provided by Clearing member on letter head

|  |  |
| --- | --- |
| Name of Client |  |
| Networth certification.( Min. networth Rs.1 cr ) | Confirmed |

I/We certify that in addition to the standard KYC checks we have collected the above documents and the client meets the Net-worth criterion stipulated above.

Authorised Signatory

Stamp

# Format for CP code Modification

Input File Name: XXXXX\_NNN\_S\_YYYYMMDD.Tnn

The file format should be comma separated values (csv).

Kindly note that the member code should be appended in the file name.

Output File Name:

In case of success – XXXXX\_NNN\_S\_YYYYMMDD.Snn

In case of failure - XXXXX\_NNN\_S\_YYYYMMDD.Rnn

Where: XXXXX - Member code

NNN - Exchange Name (NSE/BSE/MSE)

S - Segment Indicator F or X

YYYYMMDD - Date format

T - File Indicator R - File is Rejected S - File is successful

nn - Batch no.

Sample File name format: \*\*\*\*\*\_NSE\_F\_20190626.T01

Control Record Format:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Field | Description | Data type | Length | Remarks |
| Record Type | Header record | Number | 2 | Value = 01 |
| Member Type | Member Type | CHAR | 1 | Value = M |
| Member Code | Member code | CHAR | 5 |  |
| Batch Date | Format : DDMMYYYY | CHAR | 8 | Should be the same as that in the file name. |
| Batch number | The batch number of the file | Number | 7 | Should be the same as that in the file name. |
| Number of records | Total number of records in the file | Number | 6 | Should be equal to the number of detail records |

Detail record Format:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Field | Description | Data type | Length | Remarks |
| Record Type | Detailed Record | Number | 2 | Value = 20 |
| CP Code | CP code | CHAR | 12 | CP Code, INST (institutional order) or blank (Member’s own trade) |
| Warehouse code | Warehouse code | CHAR | 1 | To be left blank |
| Buy/Sell flag | Buy/Sell order | CHAR | 1 | Mandatory Values B– Buy Order, S – Sell order |
| Trade Number | Trade Number | Number | 16 | Mandatory field Trade No. |
| Order Number | Order Number | Number | 20 | Mandatory field Buy or Sell order number |
| Exchange ID | Exchange ID | Number | 1 | Optional field(by default 1(NSE) if input is not given in file) Values: 1-NSE, 2-BSE, 3-MSE |

Error Codes

|  |  |  |  |
| --- | --- | --- | --- |
| Sr. No. | Validation | Valid values | Error message/Error Code |
| 1 | File Name length | File Name length should be 24 characters | Invalid File Name popup |
| 2 | Exchange name in file | NSE/MSE/BSE | Invalid File Name popup |
| 3 | Segment indicator in file name | F/X | Invalid File Name popup |
| 4 | Date in file name should be current date | Current date | Invalid File Name popup |
| 5 | Total No. of fields for Control record | Total No. of fields for Control record should be 6 | R2 |
| 6 | Record Type | 01 | R6 |
| 7 | Member Type | M | R14 |
| 8 | Login Member and Member ID values comparison | Login Member same as Member ID | R13 |
| 9 | Date | Current Date | R9 |
| 10 | Batch Number value should be numeric | Batch Number value should be number | R8 |
| 11 | No. of records | No. of records in control record should records in file | R5 |
| 12 | No. of fields | 6 or 7 | R2 |
| 13 | Order number | Numeric and not empty | R10 |
| 14 | CP code | CP code Should be alpha numeric and not be greater than 12 characters | R19 |
| 15 | Buy/Sell Flag | Buy/Sell value should be match with Trade Buy/Sell value | R24 |
| 16 | Trade number | Numeric and not empty | R11 |
| 17 | CP modification | Trade should not be already confirmed | R31 |
| 18 | Trade Lookup | Trade in file should be available in EXE | R32/R33 |
| 19 | Trade not in system | Trade in file should be available in system | 1 |
| 20 | CP modification | Old CP and new CP should not be same | 16 |
| 21 | CP modification | Old CP should be in system(latest picture not modified) | 12 |
| 22 | CP modification | CP code less than or equal to 12 characters | 17 |
| 23 | CP modification | Buy/Sell flag in trade should match that in system | 15 |
| 24 | TM Code | TM code should match with that in system | 4 |
| 25 | TM Code | TM code should be active | 3 |
| 26 | CP-CM association | CP-CM association should be present | 51 |
| 27 | CP-CM association | CP-CM association should not be changed | 65 |

# Format for Activation of N-MASS

The Manager Date:

NSE Clearing Ltd

Dear Sir/ Madam,

**Sub: Application for activation of account in NSCCL-MASS**

We are interested in availing the facilities provided through the NSCCL’s Members Application & Services System (**N**SCCL**-MASS**). We therefore request you to activate our account and provide us necessary access in the said interface.

Please find below the necessary details as required:

|  |  |  |
| --- | --- | --- |
| **Sr No** | **Particulars** | **To be filled by the Member** |
| 1 | Trading / Clearing / Custodian Code |  |
| 2 | Trading / Clearing / Custodian Member Name |  |
| 3 | User ID for Super Admin |  |
| 4 | Contact Person (The account details will be sent to this person) |  |
| 5 | Official mail ID of Super Admin (Communication related to this account will be sent to this mail ID) |  |
| 6 | Address for Communication with Pin Code |  |
| 7 | Phone Number with STD Code |  |
| 8 | Mobile number of contact person |  |
| 9 | Fax Number with STD Code |  |
| 10 | Email id for correspondence in matters related to the interface ( preferably a corporate group mail id) |  |

**Note:** This application is only for super admin login in **N**SCCL**-MASS**.

We hereby authorize NSE Clearing to act upon the instructions sent through the interface and we shall be solely responsible for any errors pertaining to data entry from our end. We understand that we have been granted User Management access through frontend application ‘**N**SCCL-**MASS**’ and we agree and understand that we shall be solely responsible for User Management activities undertaken by us.

We would request you to advise us the account details allotted to us for this purpose at the above mentioned address.

Yours sincerely,

Authorized Signatory

Name:

Designation: