

## NSE Clearing Limited

### Circular

DEPARTMENT: CAPITAL MARKET	
Download Ref No: NCL/CMPT/66688	Date: 14-Feb-2025
Circular Ref. No: 0062	

All Members/ PCMs/ Custodians,

#### **Sub: Direct payout of securities to client demat account – Pilot launch on 25-Feb-2025**

This has reference to NCL circular NCL/CMPT/63669 dated 30-Aug-2024, NCL/CMPT/ 64925 dated 06-Nov-2024 and NCL/CMPT/66212 dated 20-Jan-2025 and other circulars issued in this regard from time to time as listed in Annexure I.

#### **Implementation schedule:**

The Direct payout of securities to client demat account' functionality shall be implemented as follows:

Market type (Settlement type)	Trade date	Settlement date	Settlement number from
Normal T+1 (M) Trade for trade T+1 (Z) ITP T+1 (B)	24-Feb-2025	25-Feb-2025*	2025040
Auction (A)	25-Feb-2025	27-Feb-2025	2025040

\*The payout of securities for settlement of Auction 2025039 scheduled on 25-Feb-2025 shall be credited to members pool as existing.

#### **Applicability:**

The direct payout is not applicable for clients having arrangement with Custodians. Accordingly, the settlement with clearing members of F&O that are Custodian in Capital market segment shall continue to be done at net obligation basis and the pay-out shall be credited in clearing member pool.

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**Auction for Internal shortage:** As specified in SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated 5-June-2024, in case of any shortages arising due to inter se netting of positions between clients i.e., internal shortages, TM/CM shall handle such shortages through the process of auction as specified by Clearing Corporation (CC).

Going forward, NCL shall be identifying pay-in shortages including internal shortages and will conduct auction for internal shortages of the members. This mechanism shall be made applicable from 07-March-2025 in respect of shortages of settlement no **2025047** for members other than SEBI registered Custodian. Till such time, existing file-based mechanism shall continue for all members. For clearing members of F&O that are SEBI registered Custodian, CC shall facilitate auction for internal shortage with existing file-based mechanism.

Accordingly, point no. 14 of standard operating guidelines '**Auction for internal shortages**' shall be modified as follows and shall come into force from aforesaid date.

- i. CC shall identify internal shortages by comparing gross sell obligation of clearing member vis-a-vis pay-in received for clearing member for both depositories. The gross sell obligation of clearing member shall be computed as gross of net sell obligation across all clients of a clearing member for a security. Member shall ensure to provide entire gross sell obligation as security pay-in to CC.
- ii. It shall be mandatory for members to do gross pay-in to CC. Where member effects payout to receiving clients on its own and does not provide the same to CC in pay-in, CC shall consider such quantities as short received for internal shortage computation.
- iii. It shall be mandatory for members to pay valuation amount for internal shortages identified by CC as per timelines specified by CC. Where member has not paid valuation amount CC shall not conduct auction for the internal shortage. The price for valuation amount for internal shortages shall be arrived basis the settlement price of the security. While CC will identify and provide details of internal shortages and the valuation amount to be paid by member, members shall have internal processes to identify the internal shortages in advance and provide the valuation amount by specified timelines.
- iv. Where auction is not conducted on account of reason such as valuation debit not paid by member or on account of excess pay in by any member/clients or in case of corporate action in security or where the auction by CC was unsuccessful or file not uploaded by custodian member or any other reason specified from time to time, the

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brokers/members shall pass close out entry in the books at the auction rate and in absence of auction rate at the close out rate. In case auction is not conducted due to receipt of excess payin, the credit shall be given to client who has done excess pay-in.

- v. Members shall voluntarily bring to the notice of CC, where an auction profit is being identified by the members at the client level, including internal shortages.

### **Valuation amount for Internal Shortage**

The price for valuation amount for internal shortages shall be arrived basis the settlement price of the security and additional 20% mark or as specified by CC from time to time. While CC will identify and provide details of internal shortages and the valuation amount to be paid by member, members shall have internal processes to identify the internal shortages in advance and provide the valuation amount by specified timelines.

### **Reports for Auction for Internal shortage:**

- i. CM\_SA\_S\_DDMMYYYY\_01.csv giving details of securities identified for internal auction and the valuation amount to be paid by the members for the internal shortages identified by NCL. The same is available in Member portal/extranet\_dnld/Voluntary Auction/dnld folder
- ii. SA\_DTLS\_DDMMYYYY.csv report will give details of securities that were obtained fully or partially in Auction market. The same is available in Member portal/extranet\_dnld/Voluntary Auction/dnld folder
- iii. CM\_MTM\_Prices\_DDMMYYYY.csv will give details of settlement price of security. The same is available in Member portal/ Extranet-Common/ Clearing folder.
- iv. CSQR\_<StpType><settno>DDMMYYYY.csv report will give details of Close-out price. The same is available in Member portal/ Extranet-Common/ Auction folder.
- v. A<setno>.txt will give details of Auction rate. The same is available in Member portal/ Extranet-Common/ Auction folder.
- vi. Member shall refer to Obligation, STT and StampDuty reports for obligation pertaining to internal shortages.

**Consolidated FAQ:** In partial modification to FAQ issued in earlier circulars consolidated and updated FAQs are attached as Annexure 2.

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**For and on behalf of**

**NSE Clearing Limited**

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