

DEPARTMENT : CAPITAL MARKET SEGMENT	
Download Ref No : NCL/CMPT/46456	Date: November 25, 2020
Circular Ref. No : 0374/2020	

All Members,

Sub: Facility for Voluntary Auction for Internal Shortages

Further to our consolidated circular reference number NCL/CMPT/43078 dated January 01, 2020, members are requested to note that that NSE Clearing Ltd, is introducing facility for voluntary auction for internal shortages for its clearing members to conduct auction for internal settlement shortages.

Clearing Corporation conducts auction on T+2 day in respect of settlement shortages. Now in addition to settlement shortages, Clearing Corporation shall provide facility where its clearing member may choose to include their internal shortages in the auction conducted by the Clearing Corporation.

Salient features of the facility:

1. Auction shall be in respect of internal shortages in capital market segment, physical settlement of equity derivatives and reverse leg shortages in securities lending and borrowing scheme for which the auction is conducted.
2. Clearing members shall provide a list of securities to be auctioned along with trading member, client code and shortage quantity to NCL through a file upload in the format as given in **Annexure I**. The file should be uploaded prior to 08:30 AM on settlement date.
3. NCL shall validate the records and provide a return file with status success/reject to the Clearing Members as per **Annexure II**. Only successful records shall be taken up for further processing.
4. NCL shall debit from the settlement account an amount equal to the valuation of the securities provided towards auction. Clearing Members are required to provide valuation amount in their settlement account by 10:00 AM.
5. In case of successful auction, valuation amount so collected shall be utilised towards auction pay-in on auction settlement day. Excess, if any, shall be returned to clearing member after making necessary adjustments and shortfall, if any, shall be recovered from the clearing member. In case of unsuccessful auction, the entire valuation amount shall be returned to the clearing member.
6. In case where auction is successful but there is settlement shortage i.e. auction seller fails to deliver the securities on T+3 day, NCL shall conduct financial close out in accordance with the extant procedures.

7. It shall be sole responsibility of the Clearing Member to ensure correctness and completeness of the settlement shortages reported to NCL for auction. Further this is only a facility and no settlement guarantee shall be provided.

Further details including effective date of implementation shall be communicated in a separate circular.

**For and on behalf of
NSE Clearing Limited**

**Onkar Phadnavis
Associate Vice President**

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Annexure I

File nomenclature:

<Primary Member Code>_CM_SA_<DDMMYYYY>.csv

Where DDMMYYYY = Auction Date

File path: NMASS → Clearing Management → Self Auction → Upload

File Format:

	Field Name	Length	Remarks
1.	Settlement Type	VarChar (1)	N : Normal Market P : SLB Reverse Leg F : Physical Settlement in F&O
2.	Settlement Number	Number (7)	
3.	Security Symbol	VarChar (10)	
4.	Security Series	VarChar (2)	
5.	Clearing Member Code	VarChar (6)	
6.	Trading Member Code	VarChar (5)	
7.	Client Code	VarChar (10)	
8.	Quantity	Number (7)	

Clearing members are required to provide full file for the settlement date i.e. if the Clearing member has already uploaded a file for the settlement date and sends another file, NCL shall ignore all the records submitted in the earlier file and consider only valid records from the most recent file.

Annexure II
File nomenclature:

<Primary Member Code>_CM_SA_<R/S>_DDMMYYYY_nn.csv

Where DDMMYYYY = Auction Date

File path: NMASS → Clearing Management → Self Auction → Download

File Format:

	Field Name	Data Type	Remarks
1	Settlement Type	Char (1)	
2	Settlement Number	Number (7)	
3	Security Symbol	Char (10)	
4	Security Series	Char (2)	
5	Clearing Member Code	Char (6)	
6	Trading Member Code	Char (5)	
7	Client Code	Char (12)	
8	Quantity	Number (7)	
9	Response Code	Char (2)	Success : S Reject : 1-9
10	Valuation Amount in Rupees	Number (7,2)	

Rejection Code	Rejection Reason
1	Clearing Member is Not Eligible
2	Client Code is Not Eligible
3	Mismatch in file nomenclature Date and Auction start date for mentioned Settlement Type and Settlement Number combination
4	Ineligible settlement type
5	Final Obligation not yet completed for mentioned Settlement Type and Settlement Number

6	Security Symbol and Series combination is not valid on mentioned Settlement Type and Settlement Number start date
7	Ineligible security due to Corporate Action
8	Security Symbol and Series combination not eligible for Auction on Exchange
9	CM TM linkage is not valid on mentioned Settlement Type and Settlement Number start date
10	Invalid Quantity
11	Quantity not in market lot
12	Invalid detail record format
13	Duplicate Record