
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation
Circular No. : NCCL/CLEARING-035/2023
Date : May 29, 2023
Subject : Master Circular - Clearing & Settlement

1. NCCL vide its circular no. NCCL/CLEARING-018/2021 dated May 24, 2021, on Clearing & Settlement Procedures, consolidated the various processes relating to Clearing & Settlement. In order to consolidate information pertaining to Clearing & Settlement contained in all the circulars issued thereafter and make them available at one place, the circulars issued till March 31, 2023 are consolidated in this Master Circular.
2. It is hereby clarified that in case of any inconsistency between the Master Circular and the original applicable circular, the content of the original circular shall prevail.
3. Notwithstanding in any revision in the processes or formats, if any
 - a) anything done or any action taken or purported to have been done or taken under such revised/rescinded process including but not limited to any regulatory inspection/investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
 - b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation committed arising out of violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.

This Master Circular is issued in accordance with the provisions of Bye Law no. 6.4 of NCCL Bye laws.

The rescinded Master Circular is available on the NCCL website at https://www.nccl.co.in/public/api/getData/assets/circulars/circular_clearing_settlement_procedure_24052021.pdf under the category "Circulars".

Members and their Clients are requested to take note of the same.

For and on behalf of
National Commodity Clearing Limited

Hemant Singhvi
Chief Operating Officer

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
 2. Customer Service Group by E-mail to: contactus@nccl.co.in
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ANNEXURE 1
Summary of important circulars issued during the period from May 01, 2021 till March 31, 2023

Sr. No	Circular Date	Circular No	Subject	Reference
1	01-Jul-21	NCCL/CLEARING -025/2021	Tax Deducted at Source on Purchase of Goods	Point No. 7.6
2	18-Aug-21	NCCL/CLEARING -029/2021	Penalty for Repeated Delivery Default	Point No. 13
3	20-Dec-21	NCCL/CLEARING -047/2021	Cut-off Time for generation of last Risk Parameter File (RPF) for client's margin collection purpose and modification in framework to enable verification of upfront collection of margins from clients in commodity derivatives segment	Point No. 15.1
4	12-Apr-22	NCCL/CLEARING -013/2022	Segregation and Monitoring of collateral at Client Level	Point No. 15.2 & Point No. 15.3
5	13-May-22	NCCL/CLEARING -018/2022	Addendum - Framework for Determination of Final Settlement Price (FSP) in case of Unavailability of Polled Spot Price on Expiry Day	Point No.5.2
6	05-Jul-22	NCCL/CLEARING -029/2022	Reporting format for monitoring of short-collection / non-collection of margins and EOD Short Allocation	Format 4
7	26-July-22	NCCL/CLEARING -032/2022	Segregation and Monitoring of collateral at Client Level and penalty mechanism for Short allocation	Point No. 15.2
8	05-Aug-22	NCCL/CLEARING -035/2022	Segregation and Monitoring of collateral at Client Level and penalty mechanism for Short allocation	Point No. 15.2



9	16-Jan-23	NCCL/CLEARING -002/2023	Format for reporting excess collateral with other CCs for Peak Short Allocation	Format 5
10	25-Jan-23	NCCL/CLEARING -005/2023	Segregation and Monitoring of collateral at Client Level and penalty mechanism for Short allocation	Point No. 15.2
11	21-Feb-23	NCCL/CLEARING -012/2023	Penalty for intraday short allocation of collateral at Client Level	Point No. 15.2

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CLEARING AND SETTLEMENT PROCEDURES

1. Admission and Exclusion of Deals

Deals executed on the National Commodity & Derivatives Exchange Limited (NCDEX) are eligible to be cleared and settled through NCCL unless specifically deferred or not allowed to, or rejected from admission by the Relevant Authority and shall be called “Admitted Deals”.

2. Settlement of Admitted Deals

Admitted Deals executed on a trading day, shall be cleared and settled on a netted basis for daily settlement and gross basis for delivery settlement by NCCL to determine the settlement obligations for all Clearing Members (CMs).

The Clearing Members shall be responsible for all obligations arising out of / in respect of such trades including the payment of Margins, penalties, any other levies and settlement of obligations of the trades entered by them as Trading Members and also of those Trading Members and Custodial Participants, if any, for whom they have undertaken to settle as a Clearing Member.

Where the Clearing Member is not a Trading Member of Exchange then the trades of those Trading Members and Custodial Participants of the Exchange for whom the Clearing Member has undertaken to settle Deals shall be considered for determining the obligations as a Clearing Member.

3. Clearing Banks

3.1. Designated Clearing Bank(s)

Funds to be paid and/ or to be received shall be settled through such branches of Banks which are designated as Clearing Banks by Clearing Corporation from time to time. The designated clearing banks and their designated branches are given in [Annexure 1](#)

3.2. Maintenance and operation of Clearing and Settlement Account

- a. Every Clearing Member is required to maintain and operate a Clearing and Settlement account with any one of the designated Clearing Bank branches. The Clearing and Settlement account shall be used exclusively for clearing operations i.e., for settling funds and other obligations, payments of Margins, penal charges, etc. as may be specified by the Clearing Corporation from time to time.
- b. Clearing Members shall irrevocably authorize, as per [Format 1](#) enclosed hereto, the Clearing Banks to access and debit or credit their clearing and settlement account as per the instructions of the Clearing Corporation, reporting of balances and other operations / information as may be required by the Clearing Corporation from time to time and to furnish to the Clearing Corporation

an acknowledged copy of the same along with the account particulars issued by the Clearing Banks.

- c. A Clearing Member can deposit funds into this account in any form and can withdraw funds from this account only in self-name.
- d. A Clearing Member having funds obligation to pay is required to have clear balance in his clearing and settlement account on or before the stipulated pay-in day and the stipulated time.
- e. A Clearing Member shall not seek to close or de-activate the clearing account without the prior written consent of the Clearing Corporation.
- f. The Clearing Banks shall debit/credit the clearing account of Clearing Members as per instructions received from the Clearing Corporation from time to time. Any request from the clearing members for revoking the authorization furnished by them shall not be considered by the clearing banks. The Clearing Banks shall not close the clearing account or permit deactivation of the same without the prior written consent of the Clearing Corporation.
- g. All bank confirmations on behalf of the members towards Margins, funds pay-in, etc. shall be given effect only when a written/electronic confirmation is received from their respective Clearing Banks.

3.3. Procedure for change in Clearing Banks

In case a Clearing Member wants to close a clearing account with one designated clearing bank and open a clearing account with another designated Clearing Bank, the following procedure shall be complied with:

- a. The Clearing Member shall request NCCL in writing seeking its permission to close a clearing account with one designated clearing bank and to open a clearing account with another designated clearing bank.
- b. The Clearing Member shall submit the said request along with No Objection Certificate (NOC) from his existing designated Clearing bank or where the NOC is not received, furnish an acknowledged copy of the NOC request along with a declaration to the effect that no response has been received from the existing Clearing Bank in respect of the NOC request even after a minimum waiting period of a fortnight.
- c. On opening the clearing and settlement account with the other designated clearing bank, the Clearing Member shall submit to NCCL the documents relating to the new clearing account as mentioned in 3.2 above.
- d. NCCL will inform the Clearing Member a date from which the new clearing and settlement account will be made operational.
- e. Subsequently, NCCL will intimate the Clearing Member a date on which the Clearing Member may close the existing clearing account.

4. Settlement Schedule

The pay-in and pay-out of daily Mark to Market Settlement, final settlement of Futures Contracts, premium settlement & final exercise settlements of options contracts and final physical settlement shall be effected in accordance with the settlement schedule issued by NCCL from time to time. The paying members are required to have clear balance of funds in their clearing and settlement account towards their pay-in obligation by the declared pay-in time on the settlement day. The pay-out of funds shall be credited to the receiving member's clearing account thereafter.

Currently,

- a. All daily Mark to Market Settlements, final Mark to Market Settlement with respect to Futures Contracts, premium settlement and the final exercise settlements of options contracts, shall be effected on a T+1 day as per the timelines specified by NCCL.
- b. All physical settlements i.e. delivery during staggered period or at expiry of contract, supplementary settlement for premium discount adjustment relating to quality and quantity, GST are effected as per the settlement calendar issued by NCCL on periodic basis and as per the timelines specified in the product note of the respective commodity.

5. Settlement Price

5.1. Closing Price or Daily Settlement Price (DSP) for Mark to Market Settlement

The daily profit/losses of the members are settled using the Daily Settlement Price. The Daily Settlement Price shall be determined in the manner described here under or in such manner as may be prescribed by NCCL from time to time. The Daily Settlement price notified by NCCL by any such method, shall be binding on all its members and their constituents.

a. Commodities Futures Contracts

The Closing Price or Daily Settlement Price (DSP) of Commodity Futures Contract is currently determined as follows: -

Method 1

The Clearing Corporation shall determine the Daily Settlement Price in the following order:

- i Volume Weighted Average Price (VWAP) of all trades done during last half an hour of the trading day; or
- ii If the number of trades during last half an hour is less than 10, then DSP shall be based on the VWAP of the last 10 trades executed during the day; or

Method 2

In the event of failure of Method 1, the Daily Settlement Price will be determined using any of the following methods which in the opinion of NCCL would be a better indicator of market prices:

- i If the number of trades done during the day is less than 10, then VWAP of all the trades during the day; or
- ii Theoretical futures price derived from the spot price:

$$F = (S - U) e^{rt}$$

Where F = futures price, S = polled spot price, r = 30-day MIBOR rate and T = time remaining till maturity, e is not defined here, U is a factor of adjustment for backwardation (where the futures prices are lower than spot prices). This can arise due to reasons such as cyclical/seasonal factors, changes expected in supply/demand conditions due to arrival of new crops during harvest season, etc.; or

- iii Theoretical Futures price arrived from liquid contracts of the same commodity:

The spreads that prevail between active contracts (the contracts that qualify method 1 described above) shall be used to determine the theoretical futures price for other contracts that do not meet the criteria for liquid contract as stated above, in the same commodity. For example, if we assume that the near month and middle month contracts are active, the theoretical futures price for an illiquid far month contract shall be determined as a theoretical futures price using the spread between the near and the middle month contract; or

- iv Previous day's settlement price, settlement price based on other active liquid contracts of same commodity, prices of outstanding orders, price at other Exchanges / CC's or a price arrived through any other method which the Clearing Corporation, in its absolute discretion, considers to reflect the market price better. And any such Daily Settlement Price determined by Clearing Corporation shall be binding on all its Members and their Constituents.

b. Index Futures Contracts

The Closing Price or Daily Settlement Price (DSP) of Index Futures Contract is currently determined as follows: -

Method 1

The Clearing Corporation shall determine the Daily Settlement Price in the following order provided the liquidity criteria set by the Clearing Corporation is met.

- i Volume Weighted Average Price (VWAP) of contracts during the last 30 minutes of trading; or
- ii VWAP during the last one hour of trading; or
- iii VWAP during the last three hours of trading; or

- iv VWAP during the last five hours of trading; or
- v VWAP of the trades during the day; or
- vi A price arrived through any other method which the Clearing Corporation, in its absolute discretion, considers to reflect the market price better.

However, in case the contract hits the daily price limit and closes at circuit price then the DSP will be the circuit price.

Method 2

In the event of failure of Method 1, the Daily Settlement Price will be determined using any of the following methods which in the opinion of NCCL would be a better indicator of market prices:

i Theoretical futures price derived from the spot index price:

$$F = S * e^{rt}$$

Where F = futures price, S = Spot Index Price, r = 30 day MIBOR rate and T = time remaining till maturity, e is the exponential factor; or

ii Theoretical Futures price arrived from liquid contracts of the same commodity:

The spreads that prevail between active contracts (the contracts that qualify method 1 described above) shall be used to determine the theoretical futures price for other contracts that do not meet the criteria for liquid contract as stated above, in the index. For example, if we assume that the near month and middle month contracts are active, the theoretical futures price for an illiquid far month contract shall be determined as a theoretical futures price using the spread between the near and the middle month contract; or

- iii** Previous day's settlement price or a price arrived through any other method which the Clearing Corporation, in its absolute discretion, considers to reflect the market price better. And any such Daily Settlement Price determined by Clearing Corporation shall be binding on all its Members and their Constituents.

The Daily Settlement Prices will be disseminated to Members through the file NCDEX_CN01_ddmmyyyy.CSV (in Common/Reports directory on Extranet).

5.2. Final Settlement Price for Futures Contracts

The Final Settlement Price (FSP) at the expiry of contract shall be determined in accordance with the method prescribed in respective contract specification. All open position at close of market on the expiry date of the relevant contract shall be settled/ marked for delivery at the Final Settlement Price.

a. Commodity Futures Contract

With respect to the positions resulting in physical delivery, the Final Settlement Price arrived at as above shall be adjusted by applying premium / discount in respect of quality, quantity, location etc. in accordance with the adjustments specified in the Contract Specifications / Product Note of respective commodity. The premium/discount shall be determined and disclosed by NCDEX prior to launch of the contract in various commodities.

Currently for contracts where Final Settlement Price (FSP) is determined by polling, unless specifically approved otherwise, the FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and /or E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:

Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on
	E0	E-1	E-2	E-3	
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2
2	Yes	Yes	No	Yes	E0, E-1, E-3
3	Yes	No	Yes	Yes	E0, E-2, E-3
4	Yes	No	No	Yes	E0, E-3
5	Yes	Yes	No	No	E0, E-1
6	Yes	No	Yes	No	E0, E-2
7	Yes	No	No	No	E0

The Settlement Price for any delivery allocation during staggered period (i.e. up to one day prior to expiry) would be the last available spot price for the respective contract.

In case of unavailability of polled spot price on expiry day (E0) due to sudden closure of physical market under any emergency situations noticed at basis center, following framework shall be used for determination of FSP.

The order of methods to be used under this framework is provided below: -

Method 1: In this method, the FSP would be determined as mentioned above. However, Spot price at basis center on the expiry day (E0) shall be derived from the polled spot prices of the

alternate center after making adjustments for the average difference between polled spot price at alternate center and polled spot price at basis center for 7 days from the date when spot price was unavailable.

The details are as follows: -

1. Alternate centers shall be notified by the Exchange from time to time. A list of alternate centers currently notified is as below:

Symbol	Basis Center	Alternate Center
CASTOR	Deesa	Kadi
CHANA	Bikaner	Delhi
COCUDAKL	Akola	Kadi
COTTON	Rajkot	Kadi
DHANIYA	Gondal	Kota
GUARSEED10	Jodhpur	Bikaner
JEERAUNJHA	Unjha	Jodhpur
KAPAS	Rajkot	Kadi
MAIZEKHRIF	Sangli	Nizamabad
MAIZERABI	Gulabbagh	Delhi
MAIZE	Gulabbagh*	Delhi
MAIZE	Chhindwara#	Sangli
RMSEED	Jaipur	Alwar
SYBEANIDR	Indore	Akola
SYOREF	Indore	Kandla
WHEATFAQ	Kota	Delhi

* - for contracts expiring in the months of Apr-Sep

- for contracts expiring in the months of Oct-Mar

2. The commodities for which no alternate center has been identified, Method 1 shall not be applicable.
3. The days considered for the calculation shall be the 7 consecutive trading days prior to the date from which spot price at basis center was not available
4. For determination of FSP under this method:
 - a. Polled Spot price at alternate center should be available on expiry day (E0)
 - b. Polled spot price of alternate center as well as basis center should be available for at least three days in past 7 consecutive trading days as mentioned in point 3 above

In case the Method 1 is not applicable or the FSP cannot be determined due to non-fulfilment of any of the conditions mentioned above, Method 2 would be adopted.

Method 2:

The FSP would be determined as as mentioned above. However, polled Spot price at basis center on the expiry day (E0) shall be derived by extrapolating the difference between spot and futures price (contango / backwardation) trend for past 30 days in expiring contract from the date from which spot price was unavailable.

For determination of FSP under this Method the expiring contract should meet the liquidity criteria:-

1. On the Expiry Day (E0); and
2. Atleast 7 days (out of 30 days to be considered) In case FSP cannot be determined as per Method 1 and 2 mentioned above, Method 3 would be adopted.

Method 3:

Weighted average futures price on the last three trading days (viz. E0 (expiry day), E-1 and E-2) after excluding outliers. The FSP under various scenarios would be as under:

Scenario	Trading in Futures			Final Settlement Price
	E0	E-1	E-2	
1	Yes	Yes	Yes	Weighted average futures price on E0, E-1 & E-2 after excluding outliers
2	Yes	Yes	No	Weighted average futures price on E0 & E-1 after excluding outliers
3	Yes	No	Yes	Weighted average futures price on E0 & E-2 after excluding outliers
4	Yes	No	No	Weighted average futures price on E0 after excluding outliers
5	No	Yes	Yes	Weighted average futures price on E-1 & E-2 after excluding outliers
6	No	No	Yes	Weighted average futures price on E-2 after excluding outliers
7	No	Yes	No	Weighted average futures price on E-1 after excluding outliers

For determination of FSP under this Method: -

1. All the trades in the expiring contract (except for spread trades) would be considered.
2. All the trade prices having Sigma more than 2 Sigma would be considered as outliers and thus excluded from calculation of weighted average price.
3. It is mandatory for trading to take place in expiring contract on at least one of last three days of expiry (E0, E-1 and E-2) to determine weighted average futures price.

In case FSP cannot be determined as per Method 1, 2 and 3 mentioned above, Method 4 would be adopted.

Method 4:

Last available polled spot price of the underlying commodity would be declared as FSP of the futures contract.

b. Index Futures Contract

The Final Settlement Price shall be the underlying index price arrived at based on Volume Weightage Average Price of the constituents of the underlying index between 4:00 pm and 5:00 pm on the expiry day of the Index futures contract. {In absence of trading in any constituent during last one hour, the Clearing Corporation shall determine appropriate methodology (in line with the methodology for determining daily closing price) to arrive at appropriate price of the constituent to be used for determining index price}.

All open position at close of market on the expiry date of the relevant contract shall be settled at the Final Settlement Price.

5.3. Spot Price Polling Mechanism

The Clearing Corporation shall determine the Final Settlement Price based on polled spot prices of respective contracts announced by the Exchange as per spot price polling mechanism put in place by the Exchange from time to time.

5.4. Final Settlement price for Option Contracts

The Final Settlement Price shall be determined in the manner described here under or in such other manner as may be prescribed from time to time.

Currently, Final Settlement Price of the corresponding Futures Contract shall be the Final Settlement Price for Options Contracts.

6. Settlement Procedure

6.1. Daily Settlement of Futures and Options Contracts

6.1.1 Mark to market Settlement and final Mark to Market Settlement for Futures Contract

- a. Daily Mark to Market Settlement and final Mark to Market Settlement in respect of admitted deals in Futures Contracts shall be cash settled by debit/ credit of the Clearing and Settlement account of Clearing Members with the respective clearing bank.
- b. All positions (brought forward, created during the day, closed out during the day) of a Clearing Member in Futures Contracts, at the close of trading hours on a day, shall be marked to market at the Daily Settlement Price (for daily Mark to Market Settlement) and settled.
- c. All positions (brought forward, created during the day, closed out during the day) of a Clearing Member in Futures Contracts, at the close of trading hours on the Last Trading Day of the contract, shall be marked to market at Final Settlement Price (for final settlement) and settled.
- d. The Mark to Market losses shall be collected before the start of trading on T+1 day ('T' is the trade date). The Clearing Members shall make the funds available in their clearing and Settlement account before 8:30 AM on T+1 day.
- e. The daily Mark to Market pay-out of funds shall be done after 09:30 AM, or as per timelines notified by NCCL from time to time.
- f. Open positions in a Futures Contract shall cease to exist after its expiration day.

6.1.2 Mark to Market of Options contract

The Options positions shall be Mark to Market by deducting/adding the current market value of options (positive for long options and negative for short options) times the number of long/short

Options in the portfolio from/to the Margin requirement. Thus, Mark to Market gains and losses would not be settled in cash for Options positions.

6.1.3 Premium settlement for Option Contracts

- a. Premium settlement in respect of admitted deals in options contracts shall be cash settled by debit/ credit of the clearing accounts of Clearing Member's with the respective clearing bank.
- b. The premium payable or receivable value of Clearing Members shall be computed after netting the premium payable or receivable positions at trading member level, for each Option Contract, at the end of each trading day.
- c. The premium pay-in shall be effected before the start of trading on T+1 day along with pay-in of daily Mark to Market losses in respect of trades / positions in Futures Contracts. ('T' is the trade date)
- d. The Clearing Members should make the funds available in their clearing account before - 8.30 AM on T+1 day.
- e. The pay-out of funds shall be done after 09:30 AM, or as per timelines notified by NCCL from time to time.
- f. The Premium Pay-in / Pay-out obligation of the Clearing Member for trades in Option Contracts will be netted with daily MTM Pay-in / Pay-out obligation of trades / positions in Futures Contract

6.2. Final Settlement of Futures Contract

6.2.1 Cash Settlement:

In case of contracts under cash settlement, the final settlement is by way of funds settlement and no Delivery Settlement takes place for such contracts.

6.2.2 Physical Delivery Settlement

The settlement of the Futures contract shall be performed by physical delivery of the underlying commodity as per the delivery logic and in accordance with settlement schedule issued by the Clearing Corporation periodically. The tendering of deliveries shall be permitted only on specific tender days during the tender and delivery period. Such tender days will be notified by NCCL in advance. NCCL will have the right to fix, alter, extend or postpone such tender and delivery period.

a. Delivery Logic

- i **Compulsory Delivery Contracts:** Upon the expiry of a Contract, all the outstanding open positions shall result in compulsory delivery. That is, upon expiry of the Contract, the seller

shall be obliged to compulsorily tender delivery of the underlying commodity for the entire short position and the corresponding buyer as matched by the process put in place by the Clearing Corporation, shall be bound to settle by taking physical delivery of the Commodity.

- ii **Intention Matching Contracts:** Members desirous to tender / receive delivery will have to submit delivery intentions within timelines notified by Clearing Corporation periodically. Upon expiry of the contract, the delivery position would be arrived at by the Clearing Corporation based on the information to give/take delivery furnished by the sellers and buyers as per the process put in place by the Clearing Corporation for effecting physical delivery. On the expiry of the contract, all outstanding positions not resulting in giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price.
- iii **Staggered Delivery:** SEBI vide its circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/83 dated July 26, 2019 has prescribed norms for staggered delivery which are as follows: -
- **Definition:** Staggered delivery period is the period, beginning few working days prior to expiry of any contract and ending with expiry, during which sellers/buyers having open position may submit an intention to give/take delivery.
 - All compulsory delivery commodity futures contracts (agriculture commodities as well as non-agriculture commodities) have a staggered delivery period.
 - The minimum duration of staggered delivery period shall be **at least five working days**.
 - Exchanges shall have the flexibility to set higher duration of staggered delivery period for any commodity futures contract, as deemed fit, taking into account various factors such as historical open interest, volume near expiry etc.

The framework is given below:

- Seller/buyer having open position shall have an option, of submitting an intention of giving/taking delivery, on any day during the staggered delivery period.
- On each day (except for the expiry day), the Clearing Corporations shall allocate intentions received to give delivery during the day, to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery
- Pay-in and pay-out for the allocated deliveries shall happen within 2 working days after allocation.
- All open positions after expiry of the contract would result in compulsory delivery and be settled at Final Settlement Price (FSP) of the respective contract and pay-in and pay-out would happen latest by the 2nd working day after expiry.

b. Mechanism for submission of delivery intention

Members can submit delivery intentions through the facility available in the application 'NCFE' and in accordance with settlement schedule issued by Clearing Corporation periodically.

Intention marking period for various types of Contracts is given as follows:

Type of Contract	Intention Marking Period
Intention Matching Contract	Agri Commodities: The period for marking delivery intention starts 5 days prior to expiry date (including expiry date) for a period of 3 working days.
Contracts under Staggered Delivery mechanism (Compulsory delivery)	The tender period would be the last 5 trading days (including expiry day) of the contracts.

The norms for submitting Delivery Intention through "Web NCFE" are as under:

- i Delivery intention in the futures contract of all commodities can be submitted: -
 - up to one & half hour after the close of trading in respective contracts (not beyond trading hours i.e. 9.00 p.m.) on all the days, during the period for marking delivery intention except for the expiry day. E.g. if trading in any contract closes at 5.00 p.m. on the days during the period of marking delivery intention, the delivery intentions can be marked up to 6.30 p.m.
 - up to 9.00 p.m. on the expiry day
- ii Delivery intentions should be given in multiples of Deliverable Lots only.
- iii Delivery intention under staggered delivery shall be valid only for the tender day.
- iv Delivery intention cannot be modified/ withdrawn after specified timelines.
- v Delivery intention would be marked for delivery only to the extent of open position at the close of market on the tender day during staggered delivery and at expiry in case of other contracts.
- v NCCL shall disclose on its website the delivery intent of the hedgers on a daily basis in an anonymous manner.

- vi In case of compulsory Delivery Contracts, if the sellers fail to give the location preference, then the allocation to the extent of their open position on the day of expiry will be allocated to the base location.

c. Allocation of open positions towards Physical Delivery

NCCL would compile the delivery requests so received from members at the end of the day and complete the matching process based on the location and / or any other factor(s) as appropriate for completion of the matching process.

NCCL shall allocate delivery to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery. The buyer having open position and matched as per process put in place by NCCL, shall be bound to settle by taking delivery from the Approved warehouse where the seller effects delivery in accordance with the contract specifications.

Allocation towards Physical Delivery shall be at Client level across all contracts at the expiry of contract. The same is summarised as under: -

Delivery Logic	Allocation towards Physical Delivery
Compulsory Delivery	<p>a. During Staggered Period only to the extent delivery intentions marked by the seller against their short open positions</p> <p>b. All open positions at the expiry of contract</p>
Intention Matching	To the extent of matching of buyer and seller intentions at the expiry of contract

The buyer / seller members who have to receive / give delivery would be notified on the same day after the close of trading hours via relevant files uploaded in the respective Members' folders.

6.3. Final Exercise Settlement for Option Contracts

6.3.1 Settlement Method

On exercise, option position shall result in physical Delivery of underlying commodity.

- Long call position shall result into a buy (commodity receivable) position
- Long put position shall result into a sell (commodity deliverable) position
- Short call position shall result into a sell (commodity deliverable) position

- Short put position shall result into a buy (commodity receivable) position

On expiry of Options contract, the net exercised / assigned open position across all option series and option types shall be clubbed with the open position in the underlying futures contract and the resultant long and short open positions shall be marked for delivery.

6.3.2 Exercise Mechanism

On expiry, following mechanism shall be adopted for exercise of the options contracts:

- Option series having strike price closest to the FSP of the underlying shall be termed as At the Money (ATM) option series.

This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as 'Close to the money' (CTM) option series.

In case the FSP of the underlying is exactly midway between two strike prices, then immediate three option series having strike prices just above FSP of the underlying and immediate three option series having strike prices just below FSP of the underlying shall be referred as 'Close to the money' (CTM) option series.

- All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts failing which they will expire worthless.
- All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so and in that case shall expire worthless.
- All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series and exercised by the long position holders, shall expire worthless.
- All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.

Examples

The following are the examples for identification of ITM, CTM, ATM and OTM strikes as per the Final Settlement Price.

Strike Interval	50
Final Settlement Price	3780

Strike Interval	50
Final Settlement Price	3850

Strike Interval	50
Final Settlement Price	3825



For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	CTM
3700	CTM
3750	CTM
3800	ATM
3850	CTM
3900	CTM
3950	CTM
4000	OTM
4050	OTM

For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	ITM
3700	CTM
3750	CTM
3800	CTM
3850	ATM
3900	CTM
3950	CTM
4000	CTM
4050	OTM

For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	ITM
3700	CTM
3750	CTM
3800	CTM
3850	CTM
3900	CTM
3950	CTM
4000	OTM
4050	OTM

For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	CTM
3700	CTM
3750	CTM
3800	ATM
3850	CTM
3900	CTM
3950	CTM
4000	ITM
4050	ITM

For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	OTM
3700	CTM
3750	CTM
3800	CTM
3850	ATM
3900	CTM
3950	CTM
4000	CTM
4050	ITM

For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	OTM
3700	CTM
3750	CTM
3800	CTM
3850	CTM
3900	CTM
3950	CTM
4000	ITM
4050	ITM

a. A table detailing the devolvement procedure under different option series is given below:

Series	Exercise procedure	Effect
ITM (Other than CTM)	Positions shall be exercised automatically.	<ul style="list-style-type: none"> • Positions would get exercised and shall be clubbed with the open position in the underlying futures contract and the resultant long and short open positions shall be settled through delivery of goods. • Difference between FSP and strike price shall be cash settled on T+1 day and form part of the MTM pay-in and pay-out.
	ITM long position holder can give contrary instruction	<ul style="list-style-type: none"> • No positions will get exercised • Expire worthless
CTM (other than ITM) / CTM (other than OTM)	No position shall be exercised. An 'explicit instruction' shall be placed for exercise of Options by the long position holders	If the option holders do not give the 'explicit instruction' for exercise
		If the option holder gives the 'explicit instruction' for exercise. <ul style="list-style-type: none"> • Positions would get exercised and shall be clubbed with the open position in the underlying futures contract and the resultant long and short open positions shall be settled through delivery of goods. • Difference between FSP and strike price shall be cash settled on T+1 day and form part of the MTM pay-in and pay-out.
OTM (Other than CTM)	Positions shall not be exercised	<ul style="list-style-type: none"> • All positions will expire worthless

6.3.3 Marking Instruction for exercising the positions

- a. Members can mark the instruction to / not to exercise through NCFE post close of trading session of Option Contract on expiry day between 6.00 pm to 7.00 pm.
- b. Instruction can be marked by holder of the options contract i.e. long position holder
- c. For ITM option series except CTM, members shall give instruction for the quantity which is not **intended to be exercised**.

Option Status	Position	Contrary instruction (Instruction to not exercise)	Effect
ITM	100	30	Partial Instruction – Balance 70 quantity shall be exercised
ITM	100	-	No Instruction – 100 quantity shall be exercised
ITM	100	100	Full Instruction – No positions will be exercised

- d. For CTM option series, members shall give instruction for the quantity which is **intended to be exercised**

Option Status	Position	Explicit instruction (Instruction to exercise)	Effect
CTM	100	30	Partial Instruction - 30 quantity shall be exercised
CTM	100	-	No Instruction - No positions will get exercised
CTM	100	100	Full Instruction - 100 quantity shall be exercised

A user manual for marking the instruction shall be available for download in NCFE

6.3.4 Assignment Process

- a. The long positions in options contracts shall be assigned to short positions in the same contract.
- b. The total quantity to be exercised into Futures Contract shall be computed as per exercise mechanism.
- c. The total quantity to be exercised in an options contract will be divided by the total long open positions in the options contract to determine the "exercise ratio".
- d. The short position of each Client in the Options Contract of same series will be multiplied by the exercise ratio to determine the pro-rata quantity for assignment.
- e. Quantity equal to the pro-rata quantity rounded down to the nearest multiple of futures lot size will be assigned to short position holders in the first round of assignments.
- f. If the total long quantity to be exercised has not been assigned in this first assignment round then a second assignment round will be carried out to assign the remaining quantity (i.e., the quantity remaining after subtracting the quantity assigned in the first round from the total long quantity to be exercised)
- g. The remaining quantity will be assigned one lot at a time in descending order from the short positions with the largest remaining pro-rata quantity to the short position with the smallest remaining pro-rata quantity.
- h. In the event that two or more short positions has equal remaining pro-rata quantity, and there is an insufficient quantity to assign to all such short positions, then a random number will be used by systems to determine assignment.

6.3.5 Delivery Request

- a. On expiry of Options contract, the net exercised / assigned open position across all option series and option types shall be clubbed with the open position in the underlying futures contract and the resultant long and short open positions shall be marked for delivery.
- b. The members / clients having open positions in options in goods or in both futures and options in same commodity should verify the resultant long and short open positions after completion of Exercise and Assignment process on the expiry day and accordingly submit delivery intentions.
- c. The resultant net position shall be displayed in NCFE after completion of Exercise and Assignment process and thereafter the delivery intentions can be given up to 9.00 p.m.
- d. The Buyers and the Sellers need to give their location preference through Web NCFE system provided by the Clearing Corporation. If the Sellers fail to give the location preference, then the allocation to the extent of his open position will be allocated to the base location.

7. Process for physical delivery

The physical deliveries shall be effected as per the process notified by the Concerned Exchange in the contract specifications / product notes of respective commodities.

7.1. Pay in and Pay out for final physical settlement

All contracts materialising into physical deliveries are settled within a period of 2 days after delivery allocation i.e. on T/E+2 (where T is Tender date & E is Expiry date) or as per timelines specified in contract specification / product note. If the tender date is T/E, then the delivery pay-in and pay-out would take place on T/E+2 day. If such a T/E+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, Clearing Banks or any of the service providers, the pay-in and pay-out would be effected on the next working day.

The settlement day for each commodity is specified in the Settlement Calendar issued by Clearing Corporation periodically.

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyers / sellers would have to deposit requisite funds / commodities in the designated accounts with their respective Clearing member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (T/E+2)	Activity
On or before 12.00 hours	PAY-IN
	Debit Buyer Member Settlement a/c for funds
	Debit Seller Member's CM Pool Account for respective commodity's electronic balance
After 15.00 hours	PAY-OUT
	Credit Seller Member Settlement a/c for funds
	Credit Buyer Member's CM Pool Account for respective commodity's electronic balance

7.2. Funds Settlement

- a. The Clearing Member's receiving delivery will have funds obligations pertaining to physical delivery taken by them and they have to arrange funds in their designated accounts with Clearing Banks within the timelines specified by NCCL.
- b. The Clearing Member's giving delivery shall receive pay-out of funds in their designated account with Clearing Banks as per the timelines specified by NCCL.

7.3. Pay-in and Pay-out of Commodities

NCCL has approved warehouses for receipt and delivery of commodities. Commodities will be received and delivered only from the NCCL Approved warehouse. The contract quality for delivery of Futures Contracts shall conform to the quality standards specified in the contract specification. No lower grade/quality shall be accepted in satisfaction of delivery obligations in a Futures Contract except as and to the extent provided in the contract specifications.

The Commodities received at the NCCL Approved warehouse will be tested and certified by Assayer appointed by WSP from the empanelled list, before acceptance as good delivery in the warehouse.

The settlement of delivery obligations is effected through Repository system of National E Repository Limited (NERL) (a repository registered under WDRA) through transfer of Exchange specific eNWRs (electronic Negotiable Warehouse Receipts) / Electronic credit.

Any buyer or seller receiving and or effecting commodities through the settlement process of Clearing Corporation would have to open NERL Repository account with an empanelled NERL Repository Participant (RP) to hold the commodities in as Exchange specific eNWRs / Electronic credit.

Where any commodity is sold for delivery in a specified month, the seller must have requisite eNWRs / electronic credit of such commodity in his Clearing Member's Pool Account before the scheduled date of pay in. The process of tendering commodities for settlement of delivery obligations is given in [Annexure 2](#). On pay-out, the buyer's Clearing Member's Pool Account would be credited with the said delivery quantity. The Clearing Member is expected to transfer the same to the buyer's Repository Account (hereinafter together referred to as Repository account for the purposes herein). However, the buyer must take actual physical delivery of commodity before Exchange deliverable date as indicated in the quality test report/Assayer's Certificate of the Assayer.

The Buyer wanting to take physical delivery of the commodities has to make a request in prescribed form to his RP with whom Repository account has been opened. The RP would route the request to the warehouse for issue of the physical commodity to the buyer by debit to his account, thus reducing the eNWR / electronic balance to the extent of commodities so withdrawn.

7.4. Supplementary Settlement for quantity and quality difference

Additionally, the supplemental settlement will also be conducted on the same day (T/E+2) for

- a. Premium / discount adjustments relating to quality of the commodity delivered
- b. Difference in actual quantity of commodity delivered
- c. Close out for delivery shortages, if any

Clearing Members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplementary settlement	
Time (T/E + 2)	Activity
On or before 15.00 hours	PAY-IN - Debit Member Settlement a/c for funds
After 15.00 hours	PAY-OUT – Credit Member Settlement a/c for funds

7.5. Supplementary Settlement for Goods and Service tax (GST)

a. Goods and Services Tax (GST)

- i GST shall be payable by the members on the gross amount charged by them, from their Clients on account of dealing in commodities.
- ii GST on the deliveries effected as the case may be would be applicable on the delivered commodities and a buyer shall make payment to his corresponding seller the value of GST payable by buyer on the commodities received from the seller in the settlement. The buyer and the seller shall be responsible for fulfillment of the obligations under the GST act on all contracts. The seller shall issue appropriate invoices to his corresponding buyer as may be required under the GST Act. The seller is required to remit the GST amount so collected/received from the buyer wherever applicable to the GST authorities within such time frame as may be prescribed under the GST Act. Members and / or their Constituents requiring to receive or deliver commodities should register themselves with the relevant GST authorities of the place where the delivery is proposed to be received / given. In the event of any GST exemptions, such exemption certificate as may be required under the GST law would have to be provided to his seller before the settlement of the obligation.

All Members and / or their Constituents are required to adhere to the requirements under the GST Act and the Rules made thereunder including the notifications issued by the Central or State Government and must have valid GST registration in place for transacting in physical deliveries and also comply with the requirements under the GST Act.

The taxes payable on the commodity contracts shall be governed by the relevant Govt. legislations and notifications issued by the State or the Central Govt. from time to time and the buyer and seller are responsible to comply with the tax laws as applicable to the commodity.

The Constituents and Trading and Clearing Members are advised to consult independent advisors in order to ascertain their obligations under GST laws.

NCCL will conduct a separate supplementary settlement three days after physical settlement date for completion of GST transactions on deliveries effected by the buyer and seller.

In order to facilitate issue of GST invoice to right parties, the buyer Clearing Members are required to give the buyer Client details to the CC latest by 15.00 hrs. on E+3 day failing which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name by the seller.

The Seller Clearing Members are required to give the seller Client details to the CC latest by 15.00 hrs. on E + 4 day.

The amounts due to the above differences will be debited / credited to Member's clearing bank account similar to normal settlement.

Pay in and Pay out for GST	
Time (T/E + 5)	Activity
On or before 09:30 Am	PAY-IN - Debit Buying Member Settlement a/c for funds
At 09:30 Am	PAY-OUT – Credit Selling Member Settlement a/c for funds

7.6. Tax Deducted at Source on Purchase of Goods

Central Board of Direct Taxes (CBDT), Department of Revenue under Ministry of Finance has issued notification no. 13 dated June 30, 2021 with respect to provisions on Tax Deducted at Source on Purchase of Goods introduced under The Finance Act, 2021.

The clarification provided by CBDT is reproduced as under in specific, relating to transactions carried through Exchanges.

4.1 Applicability on transactions carried through various Exchanges:

4.1.1 It has been represented that there are practical difficulties in implementing the provisions of Tax Deduction at Source (TDS) contained in section 194-Q of the Act in case of certain exchanges and clearing corporations. It has been stated that sometime in these transactions there is no one to one contract between the buyers and the sellers.

4.1.2 In order to remove such difficulties, it is provided that the provisions of section 194Q of the Act shall not be applicable in relation to,-

(i) transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre;

7.7. Procedure for exchange of Physical Delivery information

The Clearing Corporation in order to simplify and strengthen the processes of GST settlement and exchange of Physical Delivery information has prescribed a process as detailed in [Annexure 3](#). A late fee is applicable in case the timelines notified are not adhered to, by the delivering Clearing Member/it's Constituent.

A list of all the timelines with respect to physical settlement is provided in [Annexure 4](#)

8. Early Pay-in Facility (other than FPO Clients)

- a. Early pay-in' facility shall be provided to market participants permitting them to deposit certified goods in NCCL approved warehouse against relevant Futures Contracts sold. For such short positions against which early pay-in has been made, NCCL shall exempt imposition of all types of Margins except concentration margin. However, NCCL shall continue to collect Mark to Market Margin and concentration margin from such market participants against such positions.
- b. The member can make 'Early pay-in' of commodity at any time for a short position in the near month contracts after the beginning of the near month period (as per contract specification) i.e. with start of the applicability of near month limit for that contract (the information will be processed at the end of day).
- c. In case of compulsory delivery Contracts, delivery to the extent of open position at the expiry of the contract shall be mandatory after claiming early pay-in facility on the position.
- d. Early Pay-in Facility for Farmer Producer Organisation (FPO)**
 - i The Members for their FPO Clients can make 'Early pay-in' of commodity at any time for a short position in a contract after the start of trading in such contract on the Exchange platform (the information will be processed at the end of day)
 - ii For such short positions against which early pay-in has been made, NCCL shall exempt imposition of all types of Margins.



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- iii With respect to Mark to Market Margin, NCCL continue to compute obligations at member level as per the existing process. Daily mark-to-market profit/ loss for the exempted FPO positions shall be accumulated by NCCL for a deferred settlement till the completion of delivery settlement. Accordingly, the MTM losses shall be funded by NCCL from its own sources and MTM gains shall be retained by the NCCL.
 - iv NCCL shall transfer an amount equivalent to the MTM pay-in arising out of FPO Clients' position to respective Clearing Member's settlement account.
 - v NCCL shall compute amount to be transferred based on daily settlement price / trade price from the date when early pay in is marked in the system for such short positions. Conversely, in case of MTM gains on such positions amount equivalent to MTM pay-in funded by NCCL shall be debited from the Clearing Member's settlement account.
 - vi On daily basis Clearing Member's settlement account will be debited or credited based on the MTM for FPO Client for the specific transaction against which early pay-in has been made. The member shall post such credit or debit to the account of FPO Client and accordingly, there is no need to make any MTM call for the FPO Client.
 - vii In case the short position is squared off, the deferred Mark to Market Settlement would be done with the Clearing Member on the date of square off.
 - viii Deferred mark-to-market settlement shall be capped at Rs.25.00 lakhs for a single FPO and Rs. 500.00 lakhs across all FPOs, until further review. Mark to Market Settlement in excess of the defined exemption limits shall be collected from the Clearing Member, who in turn would be required to collect the same from the end Client (FPO).
 - ix The MTM obligation funded by NCCL shall be considered towards compliance of collection of MTM for Margin reporting.
 - x Upon final delivery, the net amount funded by NCCL shall be debited from the Clearing Member's account.
 - xi Clearing Members will be required to inform NCCL details of Clients under FPO category to claim the benefit of 'Early pay-in' as above.
 - xii The above facility shall be available only to Farmers Producer Organization (FPO) Clients. "Farmers Producer Organisation" means any legal entity formed by farmers and registered as a producer Organisation under the below Acts:
 - Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the Respective State;
 - Multi-State Cooperative Society Act, 2002;
 - Companies Act, 1956/Companies Act, 2013;

- Society Registration Act, 1860;
- Indian Trusts Act, 1882.”

9. Collection of Commodity Transaction Tax (CTT)

a. Computation of CTT:

- i CTT shall be determined at the end of each trading day.
- ii For the purpose of calculation of CTT, transactions shall be identified based on the Client code entered by the members at the time of order entry on the Exchange trading system and as may be modified by the member using the Client code modification facility provided by the Exchange within the prescribed time. In respect of proprietary transactions, the member code shall be deemed to be the Client code.
- iii The value of taxable commodities transaction shall be determined with respect to the transaction executed under a particular client codes. Therefore, NCCL shall only reckon the Client code entered by the member while placing the order or as may be modified within the prescribed time. It is therefore imperative that members exercise extreme caution and diligence while entering the Client code at the time of entering an order.
- iv For each client code, all the sell transactions for a trading day shall be aggregated at contract level.
- v For the purpose of CTT, each futures trade shall be valued at the actual traded price and option trade shall be valued at premium. On this value, the CTT rate as prescribed shall be applied to determine the CTT liability. In case of final exercise of an Option Contract, CTT shall be levied on settlement price on the day of exercise if the Option Contract is In the Money.

Sr. No.	Taxable Commodities Transaction	Payable by
1	Sale of a commodity derivative	Seller
2	Sale of an option on commodity derivative	Seller
3	Sale of an option on commodity derivative, where option is exercised	Purchaser

The value of taxable commodities transaction shall be: -

- in the case of a taxable commodities transaction relating to a commodity derivative, shall be the price at which the commodity derivative is traded;
- in the case of a taxable commodities transaction relating to an option on commodity derivative, shall be—

- the option premium, in respect of transaction at serial number 2 of the Table above
 - the settlement price, in respect of transaction at serial number 3 of the Table above
- vi The trading member's CTT liability shall be the aggregate CTT liability of Clients trading through them and the Clearing Member's CTT liability shall be the aggregate CTT liability of all Trading Members clearing under him.

b. Collection of CTT:

- i Reports on CTT liability - A report shall be provided to the members at the end of each Trading day. This report shall contain information on the total CTT liability, trading member wise CTT liability, Client wise CTT liability and the detailed computations for determining the client wise CTT liability.
- ii Pay-in of funds - The CTT amount shall be collected from the Clearing Member on T+1. The CTT amount shall be collected as per the timelines stipulated for the funds pay-in. A separate transaction shall be created and the amount shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.
- iii Failure to pay funds - Non-payment of CTT will be treated as non-fulfilment of settlement obligations for the purpose of all consequential actions against the Clearing Member.
- iv Information to Clients - The contract notes issued to Clients by the Clearing Members on a daily basis should specify the total CTT for the transactions mentioned therein. Clearing Members may issue the CTT details on annual basis (within one month from the close of the financial year) to their respective Clients, unless required by the Clients otherwise.

10. Collection of Stamp Duty

- a. NCDEX has authorised NCCL to act as a 'Collecting Agent' under the said Stamp Duty Rules 2019 for the purpose of collection and remittance of stamp duty on trades executed on NCDEX.
- b. The rates applicable for Stamp duty on the trades executed on NCDEX shall be as below:

Sr No	Nature of transaction	Value	Rate of stamp duty	Levied on
1	Sale of Commodity Derivative	Price at which Commodity Derivative traded	0.002% (Rs 2 per lakh of Future turnover)	Buyer

2	Sale of an Option on Commodity Derivative	Option Premium	0.003% (Rs 3 per lakh of premium turnover)	Buyer
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- c. NCCL will adopt the following process for levy and collection of stamp duty:
- i Stamp duty is payable on all derivative contracts traded on NCDEX and shall be determined at the end of each trading day.
 - ii The transaction value shall be determined with respect to the transaction executed under a particular client code. Therefore, the client code entered by the member while placing the order or as may be modified within the prescribed time shall only be reckoned. It is therefore imperative that members exercise extreme caution and diligence while entering the client code at the time of entering an order. In case of proprietary transactions, the member code shall be deemed to be the client code for the purpose and shall be considered accordingly for collection.
 - iii For each client code, all the buy transactions for a trading day shall be aggregated at contract level. For the purpose of determining stamp duty liability, transactions shall be valued as per the prescribed valuation matrix defined in point no. 2 above. On this value, the stamp duty rate as prescribed shall be applied. The value of stamp duty shall be rounded off to the nearest rupee.
 - iv The trading member's stamp duty liability shall be the aggregate stamp duty liability of clients trading through it. The clearing member's stamp duty liability shall be the aggregate stamp duty liability of all trading members clearing through it.
 - v The stamp duty amount shall form part of the daily obligation report made available/exported to the member/s.
 - vi The stamp duty amount for a trade date shall be collected from the clearing members on T+1 basis as per the stipulated timelines and process currently followed for daily funds settlement.
 - vii Non-payment of stamp duty shall be treated as failure to meet settlement obligation for the purpose of all consequential actions against the member.
 - viii At the end of each trade day, permanent address details of the clients updated by the members in the Unique Client Code (UCC) database uploaded with NCDEX shall be considered by NCCL for determining the domicile state of the buyer for that trade day for the purpose of stamp duty. Accordingly, members are required to verify, update and ensure correct permanent address details of the clients are uploaded in UCC.

- ix A report shall be provided to the members at the end of each trading day. This report shall contain information on the total stamp duty liability, trading member wise stamp duty liability, client wise stamp duty liability and the detailed computations for determining the client wise stamp duty liability.

11. Non-fulfilment of settlement obligations

Non-fulfilment of either the whole or part of the settlement obligations will be treated as a violation of the Rules, Bye-Laws and Regulations of NCCL and will attract penal charges as stipulated by NCCL from time to time. In addition and without prejudice to the foregoing, NCCL may, within such time as it may deem fit withdraw any or all of the membership rights of Clearing Member including the withdrawal of trading facilities of all Trading Members clearing through such Clearing Member's, without any notice.

In case of Non-fulfilment of the settlement obligations, a charge at the rate of 0.09 % per day shall be levied, subject to a minimum of Rs. 500/- per instance, computed on the amount outstanding from the day on which monies are due to be paid until the day all obligations including shortfall in deposits are fulfilled.

In addition to above, the outstanding positions of such Clearing Member and/or Trading Members and/or Constituents, clearing and settling through such Clearing Member, may be closed out forthwith or any time thereafter by NCCL, at the discretion of NCCL, to the extent possible, by placing at the Exchange, counter orders in respect of the outstanding position of Clearing Member without any notice to the Clearing Member and / or Trading Member and / or Constituent, and such action shall be final and binding on the Clearing Member and / or Trading Member and / or Constituent.

NCCL may also initiate such other risk containment measures as it deems fit with respect to the open positions of the Clearing Member and / or Trading Member and / or Constituent. NCCL may, in addition to the foregoing provisions, take additional measures like, imposing penalties, collecting appropriate deposits, invoking bank guarantees/ fixed deposit receipts, realizing money by disposing off the securities and exercising such other risk containment measures as it deems fit and may further take such disciplinary action as it may deem fit and appropriate in this regard.

12. Measures in case of repeated shortfall in Daily Mark to Market Settlement pay-in

In case of repeated shortfall in Daily MTM settlement pay-in; viz. 'Mark to Market Pay-in' in case of Futures Contracts, 'Premium Pay-in' in case of Options, CTT Pay-in and Stamp Duty pay-in, over and above the existing practice following action shall be taken by NCCL -:

In case of a shortfall in meeting pay-in obligations by a Clearing Member over Rs. 3.00 Lakh is observed on three occasions in past 30 days, then:

- i An amount equivalent to cumulative funds shortage of the past 30 days shall be blocked from the deposits of the Clearing Member.
- ii The amount shall be blocked for a period of 30 days and shall be released only if no further funds shortages are reported for the Clearing Member during the said period.
- iii The amount blocked shall not be available towards any Margin benefit.
- iv A report shall be provided to the Clearing Member's on daily basis giving details of the amount blocked from their deposits for repeated instances of shortfall in pay-in

13. Penalty on delivery default

The penalty structure for failure to meet delivery obligations by the seller and appropriation of the said penalty amounts shall be as under:

- a. Penalty on seller in case of delivery default (default in delivery against open position at expiry in case of compulsory delivery contracts, default in delivery after giving intention for delivery) shall be as follows:

- i **Futures Contracts on agri-commodities:**

4 % of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days[#] after the **commodity pay-out date**, if the average price so determined is higher than settlement price, else this component will be zero.)

- ii **Futures Contracts on non-agri commodities:**

3% of settlement price + replacement cost (difference between settlement price and higher of the last spot prices on the commodity pay-out date and the following day[#], if the spot price so arrived is higher than settlement price, else this component will be zero.)

#day/s means Exchange trading days including evening sessions

- iii **Norms for apportionment of penalty**

- At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund of the clearing corporation
 - Up to 0.25% of Settlement Price may be retained by the clearing corporation towards administration expenses
 - 1% of Settlement Price in case of Non-Agri goods or 2% of Settlement Price in case of Agri Goods + replacement cost shall go to buyer who was entitled to receive delivery.
- b. Any intentional / wilful delivery default by seller would be viewed seriously and NCCL shall take suitable penal / disciplinary action against such members over and above the prescribed penalty.

- c. A seller who has got requisite stocks in the NCCL approved warehouses and / or has marked an intention during staggered delivery period is not allowed to default and any such delivery default by seller would be viewed seriously and an additional penalty of 3% over and above the penalty prescribed for delivery default shall be levied. In addition to the penalty, the NCCL / may take suitable penal / disciplinary action against such members.
- d. Members are advised to ensure that necessary arrangements for pay-in of commodity on scheduled date are in place before marking any delivery intentions on behalf of Clients / own account during Staggered period.
- e. In the case of a default by a buyer in both agricultural and non-agricultural commodities i.e. in case a Clearing Member fails to make delivery pay-in of funds, it shall be considered as a member default. NCCL shall review the loss incurred by the non-defaulting Party, i.e. Seller, at its sole discretion, and accordingly, levy penalty on the defaulting buyer. However, such penalty shall be within the overall cap of delivery margins collected by the NCCL, from such defaulting buyer clearing member.
- f. With respect to an Intention matching contract, members giving delivery requests are not permitted to square off their open positions once such request is made. A penalty as mentioned above will be levied on the position squared off after providing delivery request,

13.1 Penalty for Repeated Delivery Default

- a. In the case of repeated default by a seller or a buyer, for each instance of repeated default, an additional penalty shall be imposed, which shall be 3% of the value of delivery default.
- b. Repeated Default shall be defined as an event, wherein a default on delivery obligations takes place 3 times or more during a six months period on a rolling basis.
- c. The penalty levied shall be transferred to Settlement Guarantee Fund (SGF) of the Clearing Corporation.

14. Custodial Participant

Those Constituents who are Institutions / Domestic Corporate Bodies and such other entities, etc., as may be approved by NCCL, desirous of clearing the trades through the Professional Clearing Member (PCM)/Strategic Trading cum Clearing Member (STCM) are required to approach the PCM / STCM registered with NCCL. The PCM / STCM, upon its satisfaction and after obtaining the prescribed documents, shall forward the same to NCCL along with the prescribed fees. Upon approval by NCCL, such entities would be allotted a Custodial Participant code, hereinafter referred to as "CP Code". Such approved entities can have a facility to execute trades through one or more than one Trading Member (TM) / Trading cum Clearing Member (TCM) / Strategic Trading Cum Clearing Member (STCM) and settle such trades through a

Professional Clearing Member (PCM) or Strategic Trading Cum Clearing Member (STCM). Such entities who have been allocated a Custodial Participant code shall be termed as Custodial Participant (CP). NCCL shall allot a CP code and upon receipt of same, the CP shall intimate the CP code allotted to him to the TM/TCM/STCM through whom he desires to trade on Concerned Exchange.

Procedures related to Custodial Participants are provided under [Annexure 5](#)

15. Client Margin Reporting and Segregation & Monitoring (Allocation) of collateral at Client Level

15.1. Process for Client Margin Reporting (short / non-collection of margins)

Margins applicable on client positions have to be compulsorily collected from the clients and reported to NCCL by the clearing / trading members.

- a. The 'margins' mean initial margin, extreme loss margin (ELM), mark to market margin, special/additional margin, delivery margin or any other margin as prescribed by NCCL to be collected by member from their clients.
- b. The members are required to collect upfront initial margins (VaR Margin + ELM) from their clients. The members will have time till 'T+2' working days to collect margins (except initial margins and ELM) from their clients. The clients must ensure that the initial margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by NCCL/Members. The period of T+2 days has been allowed to members to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and shall not be construed that clients are allowed 2 days to pay margin due from them.
- c. The Risk Parameter Files used for collecting margins from the Members shall also be used for generating margin obligations from the clients throughout the trading hours effective January 15, 2022.
- d. **Reporting of peak margin collection**

The provisions with respect to reporting of peak margin collection are as follows: -

- i. NCCL shall send minimum 5 snapshots of client wise margin requirement to Trading Members (TM)/Clearing Members (CM) for them to know the intraday margin requirement per client/TM/Custodial Participant. The snapshots would be randomly taken in pre-defined time windows.

- ii. Further, NCCL shall send an additional minimum two snapshots for commodity derivative contracts, which are traded till 9:00 PM.
- iii. Margin for the purpose of peak margin shall consists of Initial Margin and Extreme loss margin (ELM).
- iv. The maximum margin obligation across each of the intra-day snapshots shall be the peak margin.
- v. Effective August 01, 2022, the margin requirements to be considered for intraday snapshots, shall be calculated based on fixed beginning of the day (BOD) margin parameters. The BOD margin parameters would include all SPAN margin parameters as well as ELM requirements. This change is only for the purpose of verification of upfront collection of margin from clients and levy of penalty. The margin parameters applicable for collection of margin obligation by Clearing Corporation shall continue to be updated on intraday, as per the extant provisions.
- vi. The client wise margin file (MG-18 / MG-19) provided by NCCL to CMs/TMs shall contain the EOD margin requirements of the client/TM/Custodial Participant as well as the peak margin requirement of the client/TM/Custodial Participant, across each of the intra-day snapshots.
- vii. The member shall have to report the margin collected from each client/TM/Custodial Participant, as at EOD and peak Initial margin collected during the day.
- viii. The margins reported shall be compared in the following manner:
 - a) EOD margin obligation of the client/TM/Custodial Participant shall be compared with the respective client/TM/Custodial Participant margin available with the TM/CM at EOD.
 - AND
 - b) Peak margin obligation of the client/TM/Custodial Participant, across the snapshots, shall be compared with respective client/TM/Custodial Participant peak margin available with the TM/CM during the day

Higher of the shortfall in collection of the margin obligations at (a) and (b) above, shall be considered for levying of penalty as per the extant framework.

e. Reporting of Peak Margins of Custodian Participants (CP) trades

- i. NCCL shall aggregate the margins on confirmed trades as well as unconfirmed trades for a given CP and include the same in the intraday snapshot file (MARGIN_REP) provided to the clearing member.

- ii. The peak margin requirement of the CP across each of the intra-day snapshots shall be included in MG-18 file provided at the end of day to the clearing members
 - iii. Clearing member shall report the end of day and the peak margins through NCFE.
 - iv. In case of any shortages in the reporting, the same shall be considered as shortfall of margin collection and penalty for the same shall be applicable. The penalty shall be levied and collected from the clearing member of the CP. The clearing member can collect such penalty from the respective CP
 - v. Reporting of peak margins by clearing member shall be a confirmation of availability of upfront margins at time of trade.
 - vi. Even cases where trades are rejected by clearing member due to mismatch or error, the clearing member shall be responsible to report peak margins/penalty for short reporting. Such penalty can be collected from the respective Trading Members by the clients/clearing member.
 - vii. The existing process of trade confirmation and settlement will continue between clearing member and Clearing Corporations, accordingly till the trade is confirmed by clearing member the collateral of the clearing member of the executing trading member would be blocked by the Clearing Corporation.
- f. Pre expiry margin on Options shall be levied on Options buyers (holders) and Options sellers (writers). The pre-expiry margin on Options shall be apart from other margins like initial margin, additional margins, spread margins etc. Pre-expiry margins shall be included in standard client margin reporting and hence penalty shall be levied on short collection / non-collection of the same by the members from their clients.
- g. The members shall report to NCCL on T + 5 day the actual short collection/non-collection of all margins from clients.
- h. Penalty shall be levied as per the details given below on the members for short / non-collection of margins from their clients beyond T + 2 working days:

For each member	
'a'	Per day penalty as % of 'a'
(< INR 1 lakh) and (< 10% of applicable margin)	0.5
(>= INR 1 lakh) or (>= 10% of applicable margin)	1.0

Where a = short-collection / non-collection of margins / short allocation per client per day

- i. In case of short-collection /non collection of initial margins, the above penalty structure would be applicable from T day.
- j. All instances of non-reporting shall amount to 100% non-collection of margin and the penalty as prescribed above shall be charged on these instances in respect of non-collection.
- k. The penalty shall be collected by NCCL not later than five days of the last working day of the trading month.
- l. With respect to repeated defaulters, who default 3 times or more during a month, the penalty would be 5% of the shortfall in such instances. (Every short/non collection of margin is to be considered as one instance of default. In case margin shortage is reported for a client 3 times or more during a month, i.e., either in consecutive instances or in 3 different instances, the penalty would be 5% of the shortfall from 4th instance of shortfall. E.g. shortage is reported for a client on 1st and 2nd day of month consecutively; thereafter again on 10th day shortage is reported. So the number of instances are 3 and in case shortage is reported on any day later in the month, the penalty shall be 5% of the shortfall amount for all such instances beyond 3rd instance.)
- m. All the penalties collected as prescribed above shall be credited to the Settlement Guarantee Fund of the Clearing Corporation.
- n. Penalty is imposed only for actual short/non-collection of margins from clients. Member are advised to download penalty file after margin reporting is completed and verify the penalty levied. If member realize short/non-collection is reported on account of technical errors in reporting after the closure of 'T+5' window, then member has to submit request to NCCL for acceptance of revised file by 15th day of the month of billing of the said penalty. Member are advised to place suitable internal controls to avoid any instances of technical error/s in margin reporting.
- o. Report on the penalties as collected shall be submitted to SEBI by the 10th day of the following month.
- p. In exceptional situations wherein members and/or clients were not in position to square off the open positions to avoid levy of penalty for margin shortfall due to lack of adequate liquidity and/or high market volatility, NCCL may take a suitable decision depending upon the merit of the circumstances and keep SEBI informed of the same.

15.2. Monitoring mechanism for Short allocation

- a. Minimum client margin collection requirement less Client collateral value (only where client margins are greater than client collateral value) shall be considered short allocation. For this purpose, minimum client margin collection will mean margins required to be collected on upfront basis, excluding margins which can be collected by T+2.
- b. Client collateral value for this purpose shall be collateral value allocated by the CM to the client + value of securities re-pledged at NCCL for that client (value shall be after applying all prudential norms of NCCL other than 50:50 requirement).
- c. Such monitoring of short allocation shall happen intraday at the time of peak margin snapshot and at end of day.
- d. Client level short allocation shall be computed intra-day based on the peak margin snapshot and client collateral value at the time of the respective peak margin snapshot.
- e. Client level short allocation shall be computed at end of day based on the EOD minimum upfront margins required to be collected and client collateral value at EOD.
- f. The maximum amount of short allocation across all snapshots and EOD shall be considered as short allocation.
- g. Clearing Members shall ensure that Client Collateral value for a TM Pro/CP/client is at all times greater than or equal to the minimum margin collection requirement for the respective TM Pro/CP/client.

h. Monitoring of EOD short allocation

- i. In case of instances of EOD short allocation, members shall have an opportunity to report amount of Excess collateral (allocation and value of pledged securities over and above minimum margin) available with another Clearing Corporation. In case of such reporting, penalty will not be applicable.
- ii. Members shall use columns 'Excess Collateral with Other CCs' to report excess collateral available with other clearing corporations through file upload functionality available in NCFE web portal as per [Format 4](#). The amount should be reported against the respective CC viz. MCXCCL, ICCL, NCL wherever excess collateral is available.
- iii. Such reporting shall be done by TMs for clients and by CMs for TM proprietary and CP code by T+5.

- iv. NCCL shall compute revised EOD short allocation amount after adjusting for the aforementioned reporting. The revised amount computed shall be considered as short allocation and penalty as specified shall be levied.
- v. In case of false reporting, penalty as applicable on false margin reporting will be applicable.
- vi. The penalty on EOD short allocation is applicable from August 1, 2022.

i. Intraday/Peak short allocation Reporting

- i. In case of instances of intraday short allocation, members shall have an opportunity to report amount of client collateral available with permitted reasons. In case of such reporting, penalty will not be applicable.
- ii. Members shall be provided details of client wise, maximum intra-day short allocation in the MG 18 and MG 19 file.
- iii. Members shall have an opportunity to modify the client collateral Value (Peak) available against such short allocation due to below mentioned reasons through file upload functionality available in NCFE web portal as per [Format 5](#):
 - a) Excess collateral (allocation and value of pledged securities over and above minimum margin) available in another Clearing Corporation.
 - b) Trades executed in wrong client code codes
 - c) Allocation request submitted to NCCL however, allocation request accepted later.
 - d) Securities re-pledged by CM to CC in the depository but not processed by CC (securities re-pledged by clearing member before considering peak short allocation snapshot)
- iv. For reporting the Modified Client Collateral value (Peak), the member shall enter the incremental amounts in the prescribed upload format within the corresponding reason code. The modified Client Collateral Value (Peak) shall be determined by the NCCL after considering the value entered by the member against the respective reason code. NCCL shall compute revised intraday short allocation amount after adjusting for the aforementioned reporting.
- v. NCCL shall calculate penalty after adjusting for the aforementioned modification and validation.
- vi. Such reporting of incremental Client Collateral Value (Peak) shall be done by TMs for their clients and by CMs for TMs and CP clients (in line with Margin reporting), by T+5.
- vii. In case false reporting, penalty as applicable on false margin reporting will be applicable.
- viii. The Penalty for intraday short allocation of collateral at Client Level is applicable from trade date May 2, 2023.

15.3. Penalties for short allocation and short margin reporting

- a. In order to avoid duplicity of penalty levied for the same violation (i.e., non-collection and consequent non-allocation of client collateral), the penalty for short allocation and short margin reporting shall be combined (the provisions regarding higher penalty for multiple days shortfall etc. shall be considered across the violations and not separately.)
- b. A single penalty as per the existing penalty structure (applicable for client margin short reporting, including exceptions such as member has failed to upload the margin reporting due to some technical error etc.) shall be applicable. The amount to be considered for levy of penalty shall be the highest of:
 - i. Highest intraday peak margin short-reported amount (margins required to be collected on upfront basis and including margin required to be collected by T+2)
 - ii. End-of-day margin short-reported amount (margins required to be collected on upfront basis and including margin required to be collected by T+2)
 - iii. Highest intraday short allocation amount (after considering the reporting for valid reason codes if any) (margins required to be collected on upfront basis, excluding margins which can be collected by T+2)
 - iv. End-of-day short allocation amount (after considering the reporting for valid reason codes if any) (margins required to be collected on upfront basis, excluding margins which can be collected by T+2)

16. Recovery of various levies and charges from the Clearing Member's on behalf of NCDEX

NCCL shall recover various charges and levies due to NCDEX from its Members through the settlement account of the Clearing Member's. Clearing Member's liability towards the charges and levies would be aggregated to include the liability of all Trading Members of NCDEX clearing under it. Tax-invoice/debit-credit notes for such levies shall be provided to its Members by NCDEX. Non-payment of any charges and levies due to NCCL/ NCDEX will be treated as non-fulfilment of settlement obligations for the purpose of all consequential actions.

17. Closing Out

In the event of non-performance by a Clearing Member of any of his obligations as specified in the Rules, Bye-laws, and Regulations, or for any other reason that the relevant authority may deem fit, including, action initiated by Government / Statutory / Regulatory Agencies, pursuant to any acts of violation/contravention of any statutes or Rules and / or Regulations framed there under, committed by Clearing Member and / or Constituents clearing and settling through such

Clearing Member, the outstanding positions of such Clearing Member and / or such Constituents, may be closed out at any time at the discretion of NCCL, to the extent possible, either by placing, counter orders in respect of the outstanding position of Clearing Member, without any notice to the Clearing Member and / or Constituent, or by such other mechanism provided by NCCL from time to time. Such action shall be final and binding on the Clearing Member and / or Constituent. NCCL may also allow transfer of all or any of the open positions of Clients or such other open positions of such Clearing Member's, as may be specified from time to time, to any other Clearing Member, who agrees to accept such transfer, subject to such terms and conditions as may be specified by NCCL from time to time.

NCCL may initiate such other risk containment measures as it deems fit with respect to the open positions of the Clearing Member and / or Constituent.

In addition and without prejudice to the foregoing, NCCL may, within such time as it may deem fit withdraw any or all of the membership rights of the Member, without any notice.

NCCL may, in addition to the foregoing provisions, take additional measures like, imposing penalties, collecting appropriate deposits, invoking bank guarantees/ fixed deposit receipts, realizing money by disposing off the securities, and exercising such other risk containment measures as it deems fit and may further take such disciplinary action as it may deem fit and appropriate in this regard.

18. Appointment of Agents for Delivery settlements by Constituents

Members and Constituents may complete the delivery obligations as a result of physical settlement through intermediaries appointed as Agents. The Constituents and Members are advised to consult independent advisors in order to ascertain the process of appointment of Agents under GST laws

The terms and conditions as well as procedure for settling through Agents is given below:

- a. The Members/Constituents may appoint Agents on the terms and conditions as they deem appropriate in compliance with the requirements under the GST Act. The Constituents shall be responsible for the acts of their Agents under the Rules, Bye Laws and Regulations of the Clearing Corporation.
- b. The constituent intending to avail the services of an Agent will have to give an authority letter to the Agent authorizing him to give or take, as the case may be, the delivery of commodities on his behalf.
- c. It will be the obligation of Members to obtain written confirmations from their Constituents regarding giving/receiving delivery to the specific Agent/s appointed by their Constituents.

- d. Invoice will be raised by and/or in the name of the Agent giving the details of the Constituents for whom the invoice being issued/raised.
- e. GST relating to the transactions will be settled by and in the name of the Agent.
- f. Members shall provide GST information for Agent instead of Constituent and the same shall match as per the request submitted to the Clearing Corporation.
- g. It is to be noted that such arrangements are exclusively between the Members, their Constituents and the Agent. The Clearing Corporation merely permits settlement obligations by giving/receiving delivery of commodities through the respective Agents as communicated to the Clearing Corporation through Members, without assuming any liability in respect thereof. The Clearing Corporation is not responsible for any disputes between the parties nor accepts any liabilities in connection with these arrangements.
- h. Constituents availing the services of Agents need to obtain a confirmation from such Agents to be appointed and ensure that such appointment is in conformity to relevant applicable regulatory provisions.
- i. Before availing the service, the Members and/or Constituents need to comply with the necessary documentation as may be suggested by such Agents.
- j. The Members should provide the details of the Agents, where appointed, in the GST information files instead of details of Constituents.
- k. Members should ensure that subsequent to the settlement, the commodities are transferred to the Agents' / Clients Repository Accounts from the Members' pool accounts. Similarly, in the course of pay-in for the settlement the commodities will move to the Members' pool accounts from the Agents'/clients' Repository accounts. The members should also ensure that:
 - Necessary confirmation is received from the Agents before the same is communicated to the Clearing Corporation;
 - The details of Constituents are forwarded to the Agents to facilitate settlement;
 - Invoices and other relevant documents are issued within the period stipulated by the Clearing Corporation.

19. Annexures

19.1. Annexure 1 - List of Clearing Banks and branches

Clearing Bank	Address	Contact Person & Numbers
Axis Bank Limited	Axis Bank Limited Capital Market Division, 4 th Floor. Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025	Mr. Chetan Shah Senior Vice President Contact No.: 022-66525807 Mobile: 9820215799 Email Id: chetan1.shah@axisbank.com Mr. Dipesh Shroff Vice President Contact Nos.: 98201 52262 Email Id: dipesh.shroff@axisbank.com Mr. Deepak Gokhe Vice President Contact Nos.: 022-68723810 Mobile: 9820825867 Email Id: deepak.gokhe@axisbank.com
Bank of India	Stock Exchange Building, Ground Floor, Dalal Street, Fort, Mumbai - 400 001	Mr. Kush Ganhotra Asst. General Manager Contact-022-22722400/22721785 Mr. Sandeep Kumar Yadav Senior Manager Contact Nos.: 022-22721623 Email Id: stockexchange.mumbaisouth@bankofindia.co.in



Clearing Bank	Address	Contact Person & Numbers
Canara Bank	Stock & Commodity Exchange Branch Atlanta Building, 115, 11th Floor Nariman Point 400021	Mr. Arjun Kumar, Senior Manager Contact No : 022-22023170/71 Mob: 8450979860 Email Id : managercb2426@canarabank.com , Office Land line Nos.: +91 22 2202 3166 / 22023167 / 2202 3171
HDFC Bank Limited	Zenith House, 2nd Floor, Opp. Mahalaxmi Race Course, K.K Road, Mumbai – 400034	Mr. Rahul Sampat Contact No.: 9322409220 Email Id: rahul.sampat@hdfcbank.com Mr. Urvinder Singh Contact No.: - 9321958230 Email Id: urvinder.singh@hdfcbank.com



Clearing Bank	Address	Contact Person & Numbers
ICICI Bank Limited	Capital Markets Division, ICICI Bank Ltd, 163, HT Parekh Marg, Near All India Radio, Backbay Reclamation, Churchgate, Mumbai, Maharashtra 400020	<p>Mr. Avinash Kansal Head - Capital Markets & Custody Contact Nos. : +91 22 2653 6505 / 9836068214</p> <p>Mr. Chinmay Naralkar Zonal Head, Capital Market Division Mobile : +91 8879769395 Tel :022 26536444</p> <p>Mr. Sanket Mulye Chief Manager Mobile: +91 9820963498 Tel: 022-66967412</p> <p>Ms. Jayashree K Unit Head – TSSG SMS Contact Nos.: +91 22 6667 2005 / 74000 86991 Fax No.: +91 22 2261 1138</p> <p>Mr. Kiran Hejmadi Chief Manager – TSSG SMS Contact No.: +91 22 6667 2793</p>



Clearing Bank	Address	Contact Person & Numbers
IndusInd Bank Limited	PNA House Office, 4th Floor, PNA House Plot No. 57 571 Street No.17 MIDC, Andheri East, Mumbai 400 093	Mr. Ritesh Singh, Head – Financial Services Group Contact Nos.: 9833383936 Email Id: Ritesh.singh@indusind.com Mr. Dharmendra Jakhodia, Vice President Capital and Commodity Market Division Contact No.:022 – 6636 6579 / 9820189141 Email Id: dharmendra.jakhodia@indusind.com Mr. Hetal Divanji Head – Capital and Commodity Market Operations Contact - 022-61069363/9820062805 Email Id - hetal.divanji@indusind.com Mr. Kaushik Chatterjee, AVP – Capital and Commodity Market Operations Contact Nos.: +91 22 6106 9318 / 99202 09335 Email Id: chatterjee.kaushik@indusind.com Office Land line Nos.: For Exchange operations - +91 22 6106 9316 /20 / 21 / 89 / 92, 6106 9412 /13 / 15
Kotak Mahindra Bank Ltd.	27 BKC, 3rd Floor Plot No. C-27, G Block Bandra Kurla Complex Bandra (E),Mumbai Maharashtra – 400 051	Vikash Chandak - Executive Vice President Contact No. : 022- 61660363 / 9820810073 Email Id : vikash.chandak@kotak.com Amit Mantri – Vice President Contact Nos.: +91 9167490382 Email Id : amit.mantri@kotak.com



Clearing Bank	Address	Contact Person & Numbers
Punjab National Bank	Baba House, Plot No 237 Gr Flr., 27th Road, Off Linking Road,Bandra (w) Mumbai – 400050	Mr. Vijayan S Chief Manager Contact Nos.: 8754430722 Email Id: ID-bo0082@pnb.co.in Mr. Ramesh V.P Commodity Clearing Officer Contact No. : 7736598886/ 022- 26415729/26426174 Email Id: bo0082@pnb.co.in Mr. Santosh Jogdande Commodity Clearing Officer Contact No.: 9969435164 / 022- 26415729/26426174 Email Id: bo0082@pnb.co.in
Tamilnad Mercantile Bank Limited	92, Hemprakash Building, Ground floor, Kasi Syed Street, Mandvi, Mumbai - 400003.	Mr. X.John Marsalin Assistant Manager Contact No. : 022- 23425356 / 9150038436 Email Id : mumbai_mandvi@tmbank.in

Clearing Bank	Address	Contact Person & Numbers
Union Bank of India	Capital Markets Cell, Mumbai Samachar Marg Branch, 66/80 Mumbai Samachar Marg, Fort, Mumbai 400 023.	<p>G L Kundelwal (AGM) Contact No. : 022-22629302 / 9099931665 EMail Id: glkundalwal@unionbankofindia.com</p> <p>Rajan Madye Senior Manager 022-22629302 / 9892617896 Email Id ; rajan.madye@unionbankofindia.com</p> <p>Surajit Senapati / Saurav Das / Shambhu Majhi Manager Contact No. : 022-22629333 EMail Id : kashyapcmcmcm@unionbankofindia.com</p> <p>Office Landline Nos.: +91 22 2262 9332 / 9333/ 9332 / 9320</p>
Yes Bank Limited	24 th Floor, Indiabulls Finance Centre, Tower 2, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.	<p>Ms. Deeksha P Contact No. : +91 9902970658 Email Id: deeksha.p@yesbank.in</p> <p>Jayanti Kumari Contact No. : +91 8788583361 Email Id: jayanti.kumari1@yesbank.in</p> <p>Milind Mulye Contact No. : +91 9967966878 Email Id: milind.mulye2@yesbank.in</p> <p>Prasad Shinde Contact No. : +91 9819016657 Email Id: prasad.shinde@yesbank.in</p> <p>Office Landline No. : +91 22 3366 9000 Help Desk Mail Id : contactus@yesbank.in Office Fax No. : +91 22 2421 4513</p>

19.2. Annexure 2 - Process of tendering Commodities for settlement of delivery obligations

A. NERL Account Opening

NERL (a repository registered under WDRA) facilitates holding of commodities deposited in the warehouses approved by the Clearing Corporation as eNWRs. NERL facilitates transfer of such deposited commodities against the obligations arising out of the trades executed on NCDEX under the Clearing and Settlement process.

All deliveries take place by electronic transfer through repository system of NERL. All Clients (buyers & sellers) must open a beneficiary account in NERL with any of the Repository Participant (RP) for receiving and tendering commodities since the pay-out as a result of physical settlement of commodities would be received in the designated NERL account.

B. Type of accounts

The accounts can be classified as:-

1. Beneficiary account

A beneficiary account is an account in the name of an individual (single). Such an account could also be in the name of a Corporate, a partnership firm, trust, sole proprietor, Farmer, FPO etc. This account is to be opened with an empaneled Repository Participant and is used for transacting in eNWR held by the account holder at approved warehouses by the Clearing Corporation. Trading members must open similar beneficiary accounts for their own proprietary transactions.

2. Pool Account

A pool account is an account opened for all Clearing Members of NCCL. This account is opened to facilitate the pay-in and pay-out process of the Clearing Corporation. Pool accounts are not linked to any of the Repository Participant.

C. Procedure for opening an Account

1. Fill up the account opening form (available on NERL website - <https://nerlindia.com>)
2. For details on types of accounts & documentation, Please refer Account Opening Manual on NERL website (<https://nerlindia.com>).
3. Submit the duly filled form to the Repository Participant along with the other requirements such as Rights and obligation of client and RP, proof of identity and proof of address or any other document as mentioned in account opening manual.

4. Clients desirous on delivering/receiving should ensure that CM, TM (Trading Member) & Trading Client ID are mapped with their NERL Beneficiary account.
5. The Repository Participant will open the Client account and inform the Client accordingly. Also an system generated SMS and email is sent to client on its registered mobile no and email id.
6. In case of individual the beneficiary account will be operated by the single holder and in case of Corporates, Firms, Trusts etc. authorized signatories will operate the account.
7. On opening of a Client's beneficiary account in Repository, an email would be sent to the Client's registered email ID containing their user id and password for accessing the system. The Client can access the system to view, download and print their holding transaction statement and other transactional reports. Reports provide status of each deposits of clients with its current status.

D. Process of delivery

1. The Client who wants to deliver the commodity should transfer the credit balances of eNWRs from his beneficiary account to the Clearing Member pool account before the pay-in (Settlement) date specified by the Clearing Corporation by filling up the Instruction Slip and submitting it to the RP. (Format is available on NERL website - <https://nerlindia.com>).
2. While filling up the Instruction Slip the Client should take care that the eNWR details have been correctly entered and the account holder have signed the form.
 - a. eNWR: Available in Holding section of transaction holding statement
Facility is available in the system for RP to select entire quantity of respective eNWR and select multiple eNWR in single beneficiary to pool (payin) transaction.
 - b. Quantity
This is the quantity mentioned against the eNWR in the NERL holding statement
 - c. Settlement No. and Date:
This is made available in the settlement calendar issued by the Clearing Corporation from time to time and is to be selected by RP at the time of pay-in as mentioned in instruction slip
3. Repository Participant (RP) will enter the instruction in its NERL Repository Participant module as per client instruction and respective eNWRs will be frozen in the beneficiary account for delivery. It can also be considered as a notional transfer to members pool account.
4. The member also has to ensure that it has received all the deliveries from the clients before the pay-in to the Clearing Corporation. If any Client fails to do Beneficiary to Pool till the time of pay-in it shall be treated as delivery default.

5. On the pay-in day, NCCL shall send electronic instructions to NERL to debit designated CMs' pool accounts to the extent of pay-in obligations. This constitutes pay-in of commodities.
6. After successful processing of funds obligation, NCCL shall send electronic instructions to NERL to release pay-out of commodities to the receiving Clearing Member's pool account. NERL shall process these instructions and credit the Pool account of the receiving Clearing Member. This constitutes pay-out of Commodities.
7. Pool to Beneficiary will be done by the Clearing Member in NERL.
8. If the commodity received in any settlement is required to be delivered towards the next settlement, the Clearing Member needs to transfer the "swept-out" eNWRs available in his pool account to Client's Beneficiary account and then Client needs to give instruction to his Repository Participant (RP) for transferring the said eNWRs in Member's Pool account.

E. Early Pay-in

1. 'Early pay-in' facility is being provided to the market participants permitting them to deposit certified goods to the accredited warehouse against relevant Futures Contracts sold. For such short positions against which early pay-in has been made, the clearing corporation shall exempt imposition of all types of Margins.
2. The Client who wants to do an early pay-in of the commodity should transfer the credit balances from his account to the Clearing Member pool account.
3. Once the commodity is available in the pool account, the Clearing Member can mark Early Pay-in against the short position on behalf of the Client through web NCFE.

19.3. Annexure 3- Procedure for exchange of Physical Delivery information

A facility has been provided for exchange of information with respect to GST between receiving and delivery parties. GST information for each delivery transaction submitted by the receiving Clearing Members is passed on to the concerned delivering Clearing Members through NCFE system

Members will have to login to Web NCFE and go to the GST module to update the GST tax information.

a. For Receiving Clearing Members

The receiving Clearing Members shall update GST information along with other additional requisite information including Constituent details or his / its Agent details as the case may be, in the Web NCFE system by 03:00 pm on the next working day after Settlement day as per Settlement Calendar notified by NCCL. Post processing the receiving Clearing Members will be able to view the status of the records in Web NCFE

b. For Delivering clearing Members

Information submitted by the receiving Clearing Members would be provided through Web NCFE to the delivering Clearing Members. The delivering Clearing Members are required to provide their GST and other information along with other additional requisite information including Constituent details or his / its Agent details as the case may be (including mandi and other license details) in Web NCFE by 03:00 pm on or before 2nd working day after Settlement day as per Settlement Calendar notified by the Exchange.

Delivering Clearing Members are required to ensure that GST details submitted to NCCL is in compliance with applicable GST laws. Based on the sales tax information submitted by the delivering Clearing Members, GST amount will be collected from the receiving Clearing member.

Further, based on the information provided by the receiving Clearing Member as above, the delivering Clearing Member/its Constituent will issue/ensure issuance of invoice/other related documents by T/E+5 days where T is tender date and E is the expiry date.

For the purpose of the process as above, Saturdays and Sundays shall be excluded for calculation of working days from T or E day.

The delivering Clearing Members will also be able to view the status of the records in Web NCFE.

Obligations of Parties:

- a. The delivering Clearing Member/its Constituent should ensure that all necessary registrations and licenses as may be required under the applicable laws including GST/Mandi and any other applicable enactments are subsisting before marking any delivery intention or tendering physical delivery in any commodity.
- b. The receiving Clearing Member/its Constituent shall ensure that their positions in commodities where deliveries can be allocated are kept open during staggered period/expiry of contract only

after ensuring that they/their Constituents are complying with the applicable tax and other licensing laws, for receiving physical deliveries including registrations required under applicable laws.

- c. The delivering Clearing Member/its Constituent tendering delivery during staggered period/up on the expiry of contract will have to upload details of invoice and all other documents including Mandi related which are mandatorily required by T/E+5 day. The details are required to be updated in the Web NCFE system through respective delivering Clearing Members and the same shall be made available to the receiving Clearing Members for verification.
- d. The delivering Clearing Member / Constituents shall dispatch the settlement related documents so as to reach the receiving Clearing Member / Constituent latest by T/E+7. The delivering Clearing Member shall upload the details of proof of dispatch in the Web NCFE system immediately after such documents are dispatched.
- e. The delivering Clearing Member/delivering Constituent (through its Member) tendering delivery during staggered period/upon the expiry of contract shall be required to upload scanned copies of invoices and all other documents including mandi related documents/receipts which are mandatorily required.
- f. The receiving Clearing Member / Constituent is required to inform discrepancy/non receipt of invoices or any settlement related document including mandi tax paid certificate/receipt etc. or other required information to NCCL by T/E+9 day through Web NCFE. In the event of non-receipt of any such reference of discrepancies if any in respect of the delivery related documents within the said period, the counter parties (i.e., sellers and the buyers) shall be deemed to have exchanged all requisite documents and information and NCCL shall not entertain any communication in this regard after the said T/E+9.

Effects of non-furnishing of information to NCCL

- a. If the receiving Clearing Member fails to submit Constituents' information within the stipulated time, the delivery shall be treated as received by such Member himself and respective Member details will be provided to the delivering Member/Constituent.
- b. If the delivering member fails to submit the required GST to be collected from the buyer Clearing Member within the prescribed timeline, it will be construed that no GST is payable by the Buyer and consequently no GST will be recovered by NCCL from the Receiving buyer Clearing Member. In both the above cases, the defaulting delivering and/or receiving Clearing Members would be wholly responsible to ensure all statutory and tax related compliances applicable to their transactions.
- c. Every transaction resulting in the electronic transfer of goods should be supported by all required documents including tax and mandi related documents which shall be produced as and when required.

d. Late Fee:

Buyer/Seller	Activity	Timeline	Late Fees
Seller	Uploading of invoices and other relevant and applicable documents	T/E+5	Rs. 5000/- per day per invoice from T/E+6
Seller	Discrepancies in invoice/documents or non-receipt of documents by buyer	T/E+9	A late fee of 0.10% of the delivery value or Rs 5,000/- whichever is higher, for each invoice will be charged per day till the non-compliance continues.

* **excluding Saturday and Sunday*

The discretion to determine the nature and extent of discrepancies or violations of timelines shall rest with the Exchange.

The late fees stipulated above will be without prejudice to any other right of NCCL to take action under the provisions of its Rules, Byelaws and Regulations and notifications issued from time to time.

19.4. Annexure 4 - List of all timelines with respect to Physical Settlement

Activity	Timelines
Tender Date / Expiry Date	T/E
Pay-in / Pay-out of funds and Commodities	T/E+2 Pay-in – On or Before 12.00 Noon Pay-out – After 3.00 Pm
The receiving Clearing Members shall update GST information along with other additional requisite information including Constituent details or his / its Agent details to the clearing Corporation	By 3.00 pm on T/E+3
The delivering Clearing Members shall provide their GST obligation along with other additional requisite information including Constituent details or his/its Agent details to the clearing corporation	By 3.00 pm on T/E+4
Based on the GST information submitted by the delivering Clearing Members, GST amount will be collected from the receiving Clearing Member and credited to the delivery Clearing Member by Clearing Corporation	On T/E+5
Based on the information provided by the receiving Clearing Member, the delivering Clearing Member/its Constituent will issue/ensure issuance of invoice/other related documents to the receiving Clearing Member and update the details to the Clearing Corporation	From T/E+3 to T/E+5
The delivering Clearing Member / Constituents shall dispatch the settlement related documents so as to reach the receiving Clearing Member/Constituent	By T/E+7
<p>The receiving Clearing Member/Constituent is required to inform discrepancy/non receipt of invoices or any settlement related document to NCCL</p> <p>In the event of non-receipt of any such reference of discrepancies if any in respect of the delivery related documents within the said period, the counter parties (i.e., sellers and the buyers) shall be deemed to have exchanged all requisite documents and information and NCCL shall not entertain any communication in this regard after the said T/E+9.</p>	By T/E+9

19.5. Annexure 5 - Procedures related to Custodial Participants

A. Procedure for appointment of Clearing Member (PCM/STCM) by Custodial Participant:

1. Custodial Participant shall enter into an agreement as per format prescribed in [Format 2](#) with a Clearing Member (PCM / STCM).
2. The Clearing Member shall apply to the NCCL in the format prescribed in [Format 3](#), along with a copy of the agreement, for allotment of CP code.

B. Procedure for settlement of obligations on account of Custodial Participant:

1. Trading Members (TM/ TCM/STCM) who place orders on behalf of a CP in the trading system of NCDEX shall enter the CP code, along with the order details including the Client code allotted to the CP.
2. Trades resulting out of the orders with CP codes shall be made available by NCDEX to the relevant Clearing Member (PCM / STCM), for approval or rejection.
3. Clearing Member of CP shall approve or reject such trades within the stipulated time, on the same day in such manner and through such facility as provided to the Clearing Member.
4. All such trades which have been approved by Clearing Member shall form part of the obligation of the Clearing Member concerned and such Clearing Member shall be fully and completely responsible for all obligations arising out of such trades including the payment of Margins, penalties, charges, any other levies and settlement of such obligations.
5. Trades of CP which have not been approved by Clearing Member shall be considered as trades pertaining to the respective Trading Members under such Client codes as keyed in by the trading member who executed such trades and shall form part of the obligation of those Clearing Members who clear and settle for such Trading Members.

20. Formats

20.1. Format – 1 - Format of undertaking to be submitted by Clearing Member to Clearing Bank for operation of clearing account

Members are required to submit the undertaking to the Clearing Bank authorizing them to debit and credit their Clearing Bank Account in the following format.

Date:

From:

[Member name and address]

To:

[Clearing bank name and address]

Dear Sirs,

Sub: Operation of Clearing Bank for National Commodity Clearing Ltd. (NCCL) with effect from _____.

Ref: Our Clearing Bank Account No: _____ with [Clearing Bank name and address]

With reference to the above, we note that:

1. National Commodity and Derivatives Exchange Ltd. (NCDEX) has formed National Commodity Clearing Limited (NCCL) as a wholly owned subsidiary to undertake clearing and settlement activity for its Members. NCCL 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 NCCL
3. As per the Byelaws, Rules and Regulations of NCCL, the member shall authorise the Clearing Bank to access their clearing account for debiting & crediting their accounts as per the instructions received from NCCL from time to time
4. Having due regard to the above, we hereby irrevocably authorise the Clearing bank to debit and credit our above mentioned account number as per instructions received from NCCL from time to time. Further, we authorise the Clearing Bank to report balances and other information relating to this account to NCCL as may be required by NCCL from time to time. This irrevocable undertaking will be effective with immediate effect.
5. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / decided by NCCL.

Yours faithfully,

20.2. Format - 2 - Clearing Member – Constituent (Custodial Participant) Agreement

This Agreement is made at _____ this day of 20..... by and between:

....., a Company formed and registered under the Companies Act, 1956, having its Registered Office at
(hereinafter referred to as the “Clearing Member”, which expression shall, unless repugnant to the context, or meaning thereof include its successors, legal representatives and permitted assigns)

AND

a / an Company / Association / Trust / Co-operative Society / Partnership Firm / Resident Individual / duly formed and registered under the Act, having his / her / its Registered Office / Office / Place of Business / Residence at _____ (hereinafter referred to as the “Constituent”, which expression shall, unless repugnant to the context or meaning thereof, include its successors, legal representatives and permitted assigns)

The Clearing Member and the Constituent shall wherever the context requires, be hereafter referred to individually as ‘Party’ and jointly as ‘Parties’.

WHEREAS

The Clearing Member is registered as a Professional Clearing Member (PCM) / Strategic Trading cum Clearing Member (STCM) of the National Commodity Clearing Ltd. (hereinafter referred to as the “NCCL”) which carries on the activities of clearing and settlement of deals (hereinafter referred to as “Deals”, “Trades”, “Contracts” and/ or “Transactions” interchangeably) executed on the trading platform of NCDEX or any other Exchange (hereinafter referred to as “Concerned Exchange”) for and on behalf of the Constituents.

The Constituent is desirous of effecting deals on the Concerned Exchange through one or more of the Trading Members (the term Trading Member shall include Trading Member (TM) / Trading Cum Clearing Member (TCM)/Strategic Trading Cum Clearing Member (STCM)) registered by the Concerned Exchange and wishes to avail of the clearing and settlement facilities offered by the Clearing Member of NCCL, subject to the Rules, Bye Laws, Regulations and terms and conditions of NCCL.

The Constituent has approached the Clearing Member and requested to undertake the clearing & settlement of his/her/its Deals and to discharge his / her / its duties and obligations towards NCCL on behalf of the Clearing Member and the Clearing Member has, in turn, agreed to clear & settle the trades done by the Constituent through one or more Trading Members of the Concerned Exchange, subject to and strictly in accordance with the provisions contained in the Rules, Bye Laws and Regulations of NCCL, the guidelines, conditions, process and circulars issued by NCCL from time to time and the terms and conditions contained herein.

Now, therefore, in consideration of the mutual understanding as set forth in this Agreement, the parties have agreed to the terms and conditions, as follows:

1. The Parties shall be bound by the terms and conditions contained in this Agreement, the Rules, Byelaws and Regulations of NCCL, the terms and conditions of NCCL, guidelines, circulars issued, and processes put in place by NCCL from time to time, the Securities Contracts (Regulation) Act of 1956, the Securities Exchange Board of India (SEBI) and any other Act, Law, Government / Statutory Body as may be applicable from time to time.
2. The Parties agree to get themselves registered with the SEBI, Goods and Services Tax (GST) and / or any other Government / Regulatory Authority (ies), as and when required and as may be applicable under relevant laws.
3. The Clearing Member hereby undertakes to maintain the details of the Constituent as mentioned in the Constituent Registration Form or any other information pertaining to the Constituent, in confidence and that it shall not disclose the same to any person / entity except as required by NCCL or as may be required by any Government / Statutory / Regulatory Body / Authority and any Court of Law.
4. The Clearing Member, however, shall be allowed to share the details of the Constituent as mentioned in the Constituent Registration Form or any other information pertaining to the Constituent with parties / entities other than as required under law, only with the express permission of the Constituent.
5. The Constituent shall not, either acting alone or in concert with others, directly or indirectly, hold and control excess number of permitted contracts as allowed from time to time by the Concerned Exchange or by SEBI.
6. The Constituent shall not exercise a long or short position where, acting alone or in concert with others, directly or indirectly, will have exercised in excess of the limit on quantity as may be fixed from time to time by the Concerned Exchange.
7. The Constituent shall deposit with the Clearing Member monies (cash and cash equivalents), securities or other assets and properties, which may be required to open and / or maintain the Constituent's account.
8. The Constituent shall pay to the Clearing Member such amount(s) as an initial deposit (collateral / initial deposit) as decided by the Clearing Member, and in such form as may be approved by the Clearing Member up-front subject however to the requirements of NCCL, on or before creating a position in any contract. The Clearing Member shall reserve the mark up margin (commonly referred to as 'haircut margin') from the collateral, which shall not be utilized for margin requirements. The mark up margin shall be subject to such revision from time to time as may be decided by the Clearing Member or upon the directives of NCCL or SEBI. The Clearing Member shall have authority to demand and collect such additional margins, even though not imposed by NCCL, as the Clearing Member may deem necessary and the Constituent agrees to deposit additional collaterals to meet margin requirements in such form(s) as demanded / specified by the Clearing Member from time to time.

9. All monies (cash and cash equivalents), securities or other assets and properties, (including commodities, whether in physical or dematerialized form), which the Clearing Member may hold on behalf of the Constituent, shall be subject to a general lien for the discharge of the Constituent's obligations.
10. The Constituent shall pay to the Clearing Member such amounts as may be required to be paid towards the daily mark to market settlement, final settlement and all other charges / dues / obligations as per the requirements of NCCL, at such intervals as may be mutually agreed upon or as may be required by NCCL or SEBI, as the case may be.
11. 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, final settlement of permitted Contracts, premium settlement of permitted Option Contracts, exercise settlement of Option Contracts and such other settlement as per the requirements of NCCL and in accordance with the circulars/guidelines issued by NCCL in this regard from time to time.
12. The money deposited by each Constituent shall be kept in a separate account by the Clearing Member, distinct from his own account and the Clearing Member shall provide the details of margins collected for the trades executed by the Constituent to the Constituent, NCCL or SEBI as and when required.
13. The Clearing Member shall from time to time inform the Constituent about the exposure limits (including any increase or reduction in such limits) up to which open positions can be taken by the Constituent.
14. The Constituent agrees to pay to the Clearing Member, fees, charges, brokerages or commissions along with applicable taxes in respect of various services, which the Clearing Member provides and the Constituent avails, at such terms and intervals as mutually agreed from time to time.
15. The Clearing Member or any of its authorized representatives and NCCL and its officials or its authorized representatives shall have the right to inspect the books of accounts, records and documents, including computerized 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 behalf of the Constituent.
16. The Clearing Member shall have the right and the authority to adjust the dues / obligations of the Constituent from the collaterals placed by the Constituent with the Clearing Member.
17. The Clearing Member shall confirm all trades executed on the same day the order is executed on the Concerned Exchange as per process in place. In the event of non-confirmation and / or rejection of the trade by Clearing Member, the Constituent shall be liable to pay forthwith, the applicable margin as required by the Trading Member through whom the deal has been executed and the Clearing Member shall not be responsible for any liability arising by virtue of such trade.

18. The Constituent agrees that the Constituent would be personally liable to settle all Contracts culminating in delivery and would be bound by Rules, Bye Laws and Regulations of NCCL and directions and circulars issued thereunder from time to time in that regard.
19. The Constituent will be responsible for providing information for the purposes of giving / taking delivery against his/her/its Net Open Position along-with information necessary for giving / taking delivery within stipulated period as specified by the Clearing Member and as may be prescribed by NCCL from time to time.
20. The Clearing Member's responsibility shall be restricted only up to settlement of commodities in the Repository System or any other permitted delivery system. The Constituent shall be responsible for carrying out all the activities for deposit, transportation, warehousing, assaying, withdrawal and all other activities for giving / taking delivery of commodities. All the obligations and charges in relation to delivery settlement of commodities shall be borne by the Constituent. The Constituent will be bound to re-imburse all charges / fees etc. paid / settled by the Clearing Member, as and when demanded by the Clearing Member. The Constituent shall be responsible for all compliances required in law pertaining to deposit, storage and delivery of physical goods either directly or through its representative.
21. The Constituent shall co-ordinate with the Clearing Member to ensure that all requirements for giving / taking delivery are fulfilled in the time and manner as prescribed by NCCL and shall also ensure fulfilment of all requirements incidental to the giving/taking of delivery. Constituent shall also ensure to comply with all statutory requirements laid down regarding Sale / Purchase of goods including payment of taxes, local levies and other statutory / regulatory charges as prescribed under applicable laws from time to time.
22. Constituent shall submit documents such as Invoices, concession forms or any other documents as required under the prevalent laws and forward the same to the Counter-party Constituent or any other Clearing Member of NCCL within stipulated period as specified by NCCL from time to time
23. All penalties / charges, etc. levied by NCCL towards the non-compliance of delivery obligations and / or fulfillment of any documentation in relation to delivery process shall be borne by the Constituent and the Constituent shall be liable to reimburse these monies to the Clearing Member, in case the same have been settled by the Clearing Member.
24. Constituent shall be liable to pay such Taxes as applicable under the Tax Laws or any such other levy, as the case may be, as applicable from time to time. The Constituent will be solely responsible for complying with all the provisions and regulation of the Tax Laws as applicable from time to time.
25. The Constituent irrevocably authorizes the Clearing Member, should the Clearing Member deem it necessary for its protection, to buy, sell, square-off, close out or in any way dispose off any part or all of the contracts / collaterals / commodities (whether in physical or electronic form) held by the Clearing Member on behalf of the Constituent. The Constituent undertakes to indemnify (and

- keep indemnified) the Clearing Member, against all losses, financial or otherwise, and to reimburse all incidental expenses incurred by the Clearing Member in order to give effect to the above.
26. In the event of a default of the Clearing Member in payment of any dues to NCCL or to the Constituent or in the event of the Clearing Member being declared defaulter by NCCL, the Clearing Member agrees that Constituent's money shall not be utilized to meet the Clearing Member's liabilities and, the Constituent's positions shall be either transferred to another solvent Member or closed-out as per the provisions of the Rules, Byelaws and Regulations of NCCL. The losses, if any, caused to the Constituent because of such action would be recoverable by the Constituent from the Clearing Member.
 27. In the event of failure of the Constituent to fulfill his / her / its obligations to the Clearing Member or NCCL, the Clearing Member shall be entitled to liquidate / square-off / close-out all or any of the Constituents' positions without prejudice to the Clearing Member's right to refer the matter to Arbitration. Any and all losses, financial or otherwise, and charges, fees, etc. on account of such liquidation / square-off / close-out shall be charged to and be borne by the Constituent. The Clearing Member would additionally have the right and authority to adjust / liquidate the collaterals placed by the Constituent to meet the liabilities / dues / obligations of the Constituent.
 28. In the event of the death or insolvency of the Constituent or the Constituent otherwise becomes incapable of receiving and paying for or delivering or transferring commodities which the Constituent has ordered to be bought or sold, the Clearing Member may close out the transaction of the Constituent and the Constituent or his / her legal representative shall be liable for any losses, costs, damages including statutory / regulatory charges, if any and be entitled to any surplus which may result there from.
 29. The Constituent shall be entitled to receive reports / statements of mark to market settlement, final settlement or such other settlement, margin amounts, open positions and other obligations from the Clearing Member.
 30. The Clearing Member and the Constituent shall settle the accounts on a periodical basis as may be mutually agreed between the Clearing Member and the Constituent or in accordance with the directions if any, issued by NCCL or SEBI, as the case may be.
 31. This Agreement may be terminated by mutual consent or by either of the Parties giving at least one- month notice to the other. Such termination shall not have any effect on the transactions executed till the date of termination and the Parties shall enjoy same rights and shall have same obligations in respect of each of such transactions.
 32. Any communication between the Clearing Member and the Constituent shall be in writing and shall be delivered 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. affixing it in the door at the last known business or residential address
 - g. advertising it in at least once in any prominent daily newspaper.
33. No liability shall result to either Party for delay in performance or non- performance of the obligations under this 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 including but not limited to technology failures beyond the control of the non-performing Party. The Parties understand that the Clearing and Settlement of all trades and transactions done on the Concerned Exchange are subject to the Rules, Byelaws, Regulations, Terms & Conditions, instructions and directions framed/issued by NCCL from time to time including any amendments or modifications thereof and shall be deemed to be and shall take effect as wholly made, entered into and to be performed for the purpose of giving effect to the provisions of the said Rules, Byelaws, Regulations, Terms & Conditions, instructions and directions. The Constituent confirms to have read and understood the Rules, Byelaws and Regulations Terms and Conditions currently in force and undertakes to keep himself/herself/itself updated on the same from time to time.
34. The Constituent acknowledges that all trades/transactions cleared and settled on the clearing and settlement system of NCCL for purchase and sale of commodities would be between the Constituents i.e. Buyers and Sellers inter-se and the Constituents would be personally liable to each other/counter party Constituent for the fulfilment of all obligations pertaining to the transactions/trades executed and cleared by them through their respective Trading/Clearing Members and that NCCL has only a limited role of facilitating the clearing and settlement thereof in accordance with the Rules, Byelaws, Regulations, Terms & Conditions, instructions and directions framed/issued by NCCL.
35. 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 Party.
36. 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

37. 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.
38. If the Parties fail to resolve the same mutually, then the same shall be referred to Arbitration in accordance with the Rules, Bye-Laws and Regulations of NCCL.
39. All Clearing and Settlement of deals are subject to the Rules, Bye-Laws and Regulations of NCCL, the circulars/guidelines issued by NCCL thereunder and directives of SEBI and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of Mumbai and the Parties to such trade shall be deemed to have submitted to the jurisdiction of the Courts in Mumbai for the purpose of giving effect to the provisions of the Rules, Bye-laws and Regulations, Circulars, Guidelines of NCCL and directives of SEBI.
40. This agreement shall be subject to the exclusive Jurisdiction of the Courts in Mumbai.

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 Clearing Member:

By:

Signature:

Title:

Witness:

SIGNED for and on behalf of Constituent:

By:

Signature:

Title:

Witness:

(For Corporates)

The Common Seal of the Company was affixed pursuant to the Resolutions passed at the Meeting of the Board of Directors held on:

In the presence of:

(Directors, who have subscribed their respective signatures hereto in token thereof) and countersigned by:

(Being the person duly authorised in that behalf)

20.3. Format – 3 - Application from Clearing Member for allotment of Custodial Participant (CP) Code

(On the letter head of the Clearing Member (PCM/STCM))

Date:

The Membership Department
National Commodity Clearing Ltd
1st Floor, Akruiti Corporate Park,
Near G.E. Garden, LBS Road,
Kanjurmarg (W),
Mumbai 400 078

Dear Sir,

Sub: Allotment of Custodial Participant (CP) Code

Member Name - _____

Member Code - _____

We wish to inform you that we have been appointed as Clearing Member by M/s **(Name of Custodial Participant)** who desires to trade through a single or multiple trading members at NCDEX. The letter of Custodial Participant confirming the appointment is attached herewith. Details of the Custodial Participant are as follows:

Name of the Custodial Participant	
Registered Office / Address	
Name of contact person	
Telephone No. & Fax No.	
Email id of contact person	
PAN	

We will undertake clearing and settlement of the trades done on behalf of the above mentioned Custodial Participant in NCCL. We have entered into an agreement dated _____ with M/s _____ (Custodial Participant) for the purpose, as required and a copy of the same is attached.

We therefore request you to allot CP code.

Yours truly,

Authorised Signatory

20.4. Format – 4 - Reporting format for monitoring of short-collection / non-collection of margins and EOD Short Allocation

The details of client code wise initial margin, peak initial margin, other margin, MTM margin, initial margin at peak short allocation, collateral value at EOD, collateral value at peak short allocation is available in NCFE to all members on daily basis. Members have to download file from NCFE and update details as per following file format.

S. No.	Column Name	Description
1.	Trade Date	Trade Date
2.	Clearing Member ID/Member ID	Clearing Member Code
3.	Trading Member ID/Client ID	Trading Member Code/Client ID
4.	Initial Mrgin (Initial + Extreme Loss)	For "T" Day
5.	Peak Initial Mrgin	For "T" Day
6.	Other Mrgns	For "T" Day
7.	MTM (Gain/Loss)	For "T" Day
8.	Upfront initial Mrgn Collected	Collected from client on "T" day or prior (To be updated by member)
9.	Peak Initial Mrgn Collected	Collected from client / TM (To be updated by member)
10.	Other Margins Collected by T+2	Collected from client on "T+2" day (To be updated by member)
11.	MTM (Gains)/ Loss Collected By T+2	Collected from client on "T+2" day (To be updated by member)
12.	Shortfall in Initial Mrgn	Auto computed by the system based on details updated by the member

13.	Shortfall in Peak Mrgn	Auto computed by the system based on details updated by the member
14.	Shortfall in Other Mrgn	Auto computed by the system based on details updated by the member
15.	Shortfall in MTM (Gain)/Loss	Auto computed by the system based on details updated by the member
16.	Initial Margin at Peak Short Allocation (IM-PSA)	For "T" Day
17.	Collateral Value at EOD	For "T" Day
18.	Collateral value at Peak Short Allocation (PSA)	For "T" Day
19.	Excess Collateral With Other CCs (ICCL)	To be updated by member
20.	Excess Collateral With Other CCs (MCXCCL)	To be updated by member
21.	Excess Collateral With Other CCs (NCL)	To be updated by member
22.	Excess Collateral With Other CCs (Others)	To be updated by member
23.	Delay In Processing Allocation Request	To be updated by member
24.	Trade In Wrong Client Code	To be updated by member
25.	Total Shortfall (EOD Short Allocation)	Auto computed by the system based on details updated by the member
26.	Total Shortfall (Peak Short Allocation)	Auto computed by the system based on details updated by the member

Stage 1: Details provided by the Clearing Corporation

Each row of the file will provide the details of initial margin, Peak initial Margin, other margins, MTM margin, margin at peak short allocation, collateral value at EOD, collateral value at peak short allocation for a client code. For STCM/PCM member, each row of the file will provide the details for a Trading member.

Stage 2: Details to be updated by member

Members are required to update amount collected figure at the end of each row (for each client/TM) in the file representing the actual initial margin, Peak initial margin, other margin and MTM margin collected from that client/TM as the case may be.

Members are required to also update excess collateral with other CCs (ICCL, MCXCCL, NCL, Others), Delay in Processing Allocation Request, Trade in Wrong Client Code in the file for updating Collateral Value at Peak Short Allocation represented in the file. Please refer to circular no. NCCL/CLEARING-013/2022 on Segregation and Monitoring of collateral at Client Level for monitoring and penalty mechanism for Short Allocation.

Stage 3: Amount of shortfall of margins and penalty

Based on the details updated by members, the system shall automatically compute the amount of shortfall of margins and allocation and penalty levied on such shortfall amount.

Notes:

1. T' is the Trade date
2. Each row of the file provides the details of Initial margin, Peak Initial margin, Other margins, MTM margin, margin at peak short allocation, collateral value at EOD, collateral value at peak short allocation as at EOD for a client code.
3. The STCM/PCM shall be required to report margin collection, excess collateral with other CCs (ICCL, MCXCCL, NCL, Others), Delay in Processing Allocation Request, Trade in Wrong Client Code for its Trading Member (TM). Accordingly, such members have to download file from NCFE and update details in the format mentioned above wherein detail of TMs will be reflected.
4. Initial Margin (Column D), Peak Initial Margin (Column E) and Initial Margin at Peak Short Allocation (Column P) includes Extreme Loss Margin respectively.
5. Collateral Value at EOD and Collateral Value at Peak Short Allocation is the total Collateral present with the Clearing Corporation at that time. Please refer to circular no. NCCL/CLEARING-013/2022 on Segregation and Monitoring of collateral at Client Level for monitoring and penalty mechanism for Short Allocation.
6. These figures for amount collected, excess collateral, delay in processing allocation request and trade in wrong client code appended by the member should not be negative.

20.5 Format – 5 - Reporting format for Peak Short Allocation

The format for reporting the excess collateral with other CCs, Trade in wrong client code and Delay in Processing Allocation Request at Peak Short allocation (PSA)

The details of Trade Date, Clearing Member ID, Trading Member ID, Total shortfall (Peak short allocation) and Peak Short Allocation Snapshot Time will be made available in NCFE to all members on daily basis. Members have to download file from NCFE and update details as per following new file format.

Reporting Format for Clearing Members

- Naming Convention: NCCL_COM_PSA_<Primary Member Code>_DDMMYYYYHHMMSS.csv
- File can be downloaded by Clearing Members for reporting Excess Collateral with other CCs, Delay in Processing Allocation Request, Trade in wrong client code and Re-pledged securities not processed by CC at Peak Short Allocation for their Trading Members
- The file structure for the same is as given below.

Sr. No.	Column Name	Data Type	Description
1	Trade Date	DD-MMM-YYYY	Trade Date
2	Clearing Member ID	VARCHAR2(6)	Clearing Member Code
3	Trading Member ID	VARCHAR2(12)	Trading member code
4	Excess Collateral With Other CCs at PSA (ICCL)	NUMBER(20,2)	To be Updated by member
5	Excess Collateral With Other CCs at PSA (MCXCCL)	NUMBER(20,2)	To be Updated by member
6	Excess Collateral With Other CCs at PSA (NCL)	NUMBER(20,2)	To be Updated by member
7	Re-pledged securities not processed by CC at PSA	NUMBER(20,2)	To be Updated by member
8	Delay In Processing Allocation Request at PSA	NUMBER(20,2)	To be Updated by member
9	Trade in wrong client code (PSA)	NUMBER(20,2)	To be Updated by member
10	Total Shortfall (Peak Short Allocation)	NUMBER(20,2)	Peak Short Allocation
11	Peak Short Allocation Snapshot Time	VARCHAR2(29)	Peak Short Allocation Snapshot Time

Reporting Format for Trading Members

- Naming Convention: NCCL_COM_PSA_<TMID>_DDMMYYYYHHMMSS.csv
- File can be downloaded by Trading Member for reporting Excess Collateral with other CCs, Delay in Processing Allocation Request, Trade in wrong client code and Re-pledged securities not processed by CC at Peak Short Allocation for their Trading Members / Clients.
- The file structure for the same is as given below.

Sr. No.	Column Name	Data Type	Description
1	Trade Date	DD-MMM-YYYY	Trade Date
2	Trading Member ID	VARCHAR2(6)	Clearing Member Code
3	Client ID	VARCHAR2(12)	Trading member code
4	Excess Collateral With Other CCs at PSA (ICCL)	NUMBER(20,2)	To be Updated by member
5	Excess Collateral With Other CCs at PSA (MCXCCL)	NUMBER(20,2)	To be Updated by member
6	Excess Collateral With Other CCs at PSA (NCL)	NUMBER(20,2)	To be Updated by member
7	Re-pledged securities not processed by CC at PSA	NUMBER(20,2)	To be Updated by member
8	Delay In Processing Allocation Request at PSA	NUMBER(20,2)	To be Updated by member
9	Trade in wrong client code (PSA)	NUMBER(20,2)	To be Updated by member
10	Total Shortfall (Peak Short Allocation)	NUMBER(20,2)	Peak Short Allocation
11	Peak Short Allocation Snapshot Time	VARCHAR2(29)	Peak Short Allocation Snapshot Time

Stage 1: Details provided by the Clearing Corporation

Each row of the file will provide the details of trade date, clearing member ID, trading member ID, Total shortfall at Peak short allocation and Peak short allocation snap shot time for a client code. For STCM/PCM member, each row of the file will provide the details for a Trading member.

Stage 2: Details to be updated by member

Members are required to update excess collateral with other CCs at Peak short allocation (ICCL, MCXCCL, NCL), Delay in Processing Allocation Request, Trade in Wrong Client Code and Re-pledged securities not processed by CC in the file for updating Collateral Value at Peak Short Allocation represented in the file.

Stage 3: Amount of shortfall of margins and penalty

Based on the details updated by members, the system shall automatically compute the amount of Peak Short Allocation and penalty levied on such short allocation amount. The figures for excess collateral, delay in processing allocation request, trade in wrong client code and Re-pledged securities not processed by CC appended by the member should not be negative.