

Frequently asked Questions (FAQ's): Interoperability Framework amongst Clearing Corporations (CC's)

Updated Version Date: 22.05.2019

A. Membership

- 1. If, we are Clearing Members at BSE – ICCL only, then are we required to provide the consent for choosing CC?**

Yes.

- 2. Can we choose different CC's for different Segments?**

Yes, the Clearing member has a choice to select different CC for different Segments. In other words, for one segment, Clearing Member can select only one CC.

- 3. Do we have to provide Board Resolution?**

No.

- 4. How do I give my consent for choosing ICCL as Clearing Corporation?**

We have provided a facility on BEFS portal for members to submit one pager consent letter in pdf form. For this, please refer to Notice No. 20190503-1 dated 03.05.2019.

- 5. Will the Custodians be allowed to maintain membership at multiple CCs on their Custodial Participants (CP's) preference?**

Yes, the custodians in Equity cash segment will have a facility to specify the designated CC separately for each of their CP clients.

There are no custodian clearing members in Derivatives segment, hence the CC will be as per the consent given by the respective clearing member for the particular business segment.

- 6. Can a Clearing Member keep membership with more than one CC for a respective business segment?**

Yes. A Clearing Member can maintain membership with more than one CC but can be active with only one CC for a respective segment at any point of time. Till that time the membership with other CC would be dormant.

7. In case a Trading Member is registered on multiple exchanges, which Clg No will be used while clearing on other CC?

Trading members who are members on multiple Exchanges including BSE, the existing trading member code at BSE shall be used as a unique code. For trading members who are not registered at BSE but are clearing through ICCL will be assigned unique identifier code which shall be intimated before go-live date of interoperability.

8. Will there be any uniqueness in the CP codes and Client codes under the interoperability framework?

In accordance with the joint draft operating guidelines issued by Clearing Corporations, the participants to use the unique CP code (i.e. same CP code assigned to a participant across Exchanges) for settlement through Custodians.

Trading members shall use the same client code (UCC) at all Exchanges.

B. Margins

Netting Framework

1. If I buy a scrip in one exchange and sell it in another exchange, will my position be netted off?

Yes. An investor trading through the same broker across exchanges will be eligible for netting benefits for his trades in a given security across exchanges. The Margin requirement shall be netted at level of individual client, for trades across exchanges, and it shall continue to be on gross basis at the level of Trading/Clearing Member. The margin requirement for the proprietary position of Trading/Clearing member shall also be on net basis for trades across exchanges.

2. Currently, margins are calculated on an individual client's portfolio level in a given segment for a particular exchange. What would constitute individual client's portfolio under the interoperability framework?

An individual client's portfolio would comprise of his net positions in securities across exchanges in the case of the Equity Cash Segment. Similarly, the portfolio would include his net positions in all the futures and options contracts across exchanges in the case of Equity Derivatives and Currency Derivatives segments.

3. Which futures will be eligible for netting across exchanges?

The futures have to be the same underlying and same expiry.

4. Which options will be eligible for netting across exchanges?

The options have to be the same underlying, same type (Call/Put), same expiry and same strike.

Kindly refer to Annexure for Netting Illustration

Margining Framework

1. Will there be a change in the margin collected from Members?

There will be no change in the margin models or risk parameters. The Risk/Margin files provided by ICCL will contain data for securities/contracts available on all Exchanges.

2. Will CCPs levy a new margin on the members under the new Interoperable framework

No. There is no new margin being introduced specifically for Interoperability.

3. Will the SPAN File Format change?

No. There will be no change in the SPAN file format. It will constitute the following contracts:

- BSE Exclusive Contracts (Already present in the ICCL SPAN Risk File with ICCL nomenclature) – No change.
- BSE & NSE Common Contracts (Already present in the ICCL SPAN Risk File with ICCL nomenclature) – No change.
- NSE Exclusive Contracts – will be included in the ICCL SPAN Risk File with ICCL nomenclature (symbol / series).

4. Will Value at Risk (“VaR”)/ Extreme Loss Margin (“ELM”) format change?

No. There will be no change in the VaR/ ELM file format. It will constitute the following contracts:

- BSE Exclusive Contracts (Already present in the ICCL VaR/ ELM File with ICCL nomenclature) – *No change.*
- BSE & NSE Common Contracts (Already present in the ICCL VaR/ ELM File with ICCL nomenclature) – *No change.*
- NSE Exclusive Contracts – *will be included in the ICCL VaR/ ELM File with ICCL nomenclature (symbol / series).*

5. Will there be a separate VaR/SPAN/ELM file for each exchange?

No. ICCL will continue to publish the same VaR/SPAN/ELM file, which would include eligible scrips/contracts across exchanges.

6. How will the NSE scrips/contracts be incorporated in the ICCL VaR/SPAN/Extreme Loss Margin Files?

The NSE scrips/ contracts shall be included in the current ICCL files as follows:

- BSE & NSE Common Scrips/Contracts (Already present in the ICCL VaR/SPAN/ELM File with ICCL nomenclature) – *No change.*
- NSE Exclusive Scrips/Contracts – *will be included in the ICCL VaR/SPAN/ELM with ICCL nomenclature (symbol / series).*

7. Will ICCL provide the VaR margin grouping for NSE exclusive scrips?

Yes. ICCL will categorize the NSE exclusive scrips into Group I, Group II or Group III as per the current methodology. The consolidated file including (BSE exclusive Scrips, BSE & NSE Common Scrips and NSE Exclusive Scrips) will be published on the [ICCL Website](#).

8. Will ICCL block margin from members for NSE trades on a real time basis or end of day basis?

ICCL will continue to levy margins upfront on an on-line real-time basis at the time of trade for all exchanges by adjusting against available common collateral limits of Clearing Members and common notional limits of the Trading Members.

9. Will a Clearing Member be required to earmark collateral deposited with ICCL separately for each exchange with ICCL?

No, the Clearing Member won't be required to earmark collateral separately for each exchange. A Clearing member will have to deposit eligible collateral as a common pool with ICCL for trades across exchanges. The Clearing Member will get exposure to the extent of eligible collateral deposited (subject to haircut and concentration limits) for carrying out trades on any exchange.

10. Will a Clearing Member be required to provide separate Notional Limits for each exchange, to its Trading Members?

No. The Clearing member will allocate on Notional Limit to each of its Trading Member for each segment. The Trading Member will get exposure to the extent of the Notional Limit for carrying out trades on any exchange.

11. If I buy a near month contract of an underlying in one exchange and sell a far month contract of the same underlying in another exchange, will I get calendar spread margin benefit?

Yes, the position will be eligible for calendar spread margin benefit.

12. If I buy XYZ scrip in one exchange and then sell it in another exchange, will I be charged Crystallised Loss Margin?

Yes, you will be charged Crystallised Loss Margin to the extent of the offsetting position. However, all the other applicable margins (Initial Margin, Exposure Margin) will be released.

13. If I have an open sell position in ABC derivative contract in one exchange and then buy a certain quantity of the same derivative contract in another exchange, will I be charged Crystallised Loss Margin?

Yes, you will be charged Crystallised Loss Margin to the extent of the offsetting position. However, all the other applicable margins (Initial Margin, ELM) will be released.

14. Will I get Net option Value (“NOV”) benefit for buy open position in one exchange and sell open position in another exchange?

Yes, NOV of a portfolio is calculated as the Long Option Value minus the Short Option Value (irrespective of which exchange the options trades have been executed). A positive NOV will continue to reduce your SPAN Margin Requirement while, a negative NOV will continue to increase your SPAN Margin Requirement.

15. Will my Buy Premium for options traded on another exchange (not BSE) be blocked by ICCL or the other exchange’s clearing corporation?

If you are an ICCL member, all margins and buy premium shall be blocked by ICCL irrespective of which exchange the trade has occurred on.

16. I am a member of ICCL, can my institutional client trade on another exchange? Will I be margined for that trade and when?

Yes. Interoperability allows clients to trade on either BSE, NSE and MSE while getting their trades centrally cleared and margined through their TM-CM combination’s preferred Clearing Corporation.

The confirmation process will remain same and would happen on a T + 1 basis. All processes that are currently applicable under the current scenario will continue to be applicable for trades executed on another exchange. Post confirmation process, margins will be levied for un-confirmed trades by the preferred Clearing Corporation of the Clearing Member of the Trading Member.

17. Currently MTM margin is to be paid by CMs to CCs before start of the next trading day – will the timeline remain unchanged post interoperability?

Yes. All processes that are currently applicable under the current scenario will continue to be applicable for trades executed on another exchange

18. How will the CC determine end of day settlement prices for same contracts traded on different trading venues, will the trading venues be obliged to share real-time prices with all CCs?

The Daily & Final Settlement price shall be common across Exchanges and CCPs.

Illustration

Exchange	Closing Price of the Derivative Contract ("CP")	Volume in the last 30 minutes ("V")	Uniform Daily Settlement Price
1	1,100.42	20,00,000	1,100.38
2	1,092.54	10,000	
3	1,103.65	0	
Uniform Daily Settlement Price	$= (CP1 \times V1 + CP2 \times V2 + CP3 \times V3) / (V1 + V2 + V3)$		
	$= (1,100.42 \times 20,00,000 + 1,092.54 \times 10,000 + 1,103.65 \times 0) / (20,00,000 + 10,000 + 0)$		
	= 1,100.38		

19. Is there a change in the Risk Reduction Mode threshold level?

Yes.

The entry and exit threshold are detailed below:

- **Clearing Members:** Put in RRM at **85%** collateral utilisation & moved back to normal mode when utilisation goes below **80%**.
- **Trading Members:** Put on RRM at **85%** utilisation of trading limit assigned by their Clearing Members & moved back to normal mode when limit utilisation goes below **80%**.

Position Limit Monitoring

1. How will the Open Interest for a Trading Member be computed for Position Limit Monitoring purpose in the Equity Derivatives and Currency Derivatives Segment?

Trading member wise position limit monitoring shall remain the same as per the existing methodology. The open interest for a Trading Member across contracts, across exchanges, in an underlying shall be computed as under:

For underlying X	Proprietary Position	Client 1	Client 2	Total Long	Total Short	Max of Long and Short
Future Contract1 of X	100	-50	-20	100	70	100
Future Contract2 of X	-	-30	-10	0	40	40
Option Contract1 of X	-80	120	-20	120	100	120
Open Interest for Trading Member in underlying X						260

2. How will the Open Interest for a Client be computed for Position Limit Monitoring purpose in the Equity Derivatives Segment?

Client level Position limit monitoring in the Equity Derivatives segment shall be on a gross level. The open interest for a Client across contracts, across exchanges, in an underlying shall be computed as under:

For underlying X	Client 1	Client 2
Future Contract1 of X	-50	-20
Future Contract2 of X	-30	-10
Option Contract1 of X	120	-20
Open Interest for Clients 1 and 2	200	50

3. How will the Open Interest for a Client be computed for Position Limit Monitoring purpose in the Currency Derivatives Segment?

Client level Position limit monitoring in the Currency Derivatives Segment shall be the higher of sentimental long (long futures, long calls and short puts) or sentimental short position (short futures, short calls and long puts). The open interest for a Client across contracts, across exchanges, in an underlying shall be computed as under:

For underlying X of Client 1	Long	Short	Sentimental Long	Sentimental Short
Future Contract1 of X	0	50	0	50
Future Contract2 of X	30	0	30	0
Option Contract1 of X call	120	0	120	0
Option Contract2 of X call	0	100	0	100
Option Contract1 of X Put	20	0	0	20
Option Contract2 of X Put	0	50	50	0
Total			200	170
Open Interest (max of long and short)			200	

Core SGF and Default Waterfall

1. Will members be required to contribution to Core SGF post interoperability?

There is no change to the Minimum Required Corpus requirements for members due to interoperability.

In an interoperable scenario also, the Clearing Members contribution to Core SGF shall continue to be limited to 25% of MRC.

ICCL has currently fixed the Clearing Members' contribution Core SGF as "Nil". As specified in [ICCL's Circular No. 20141129-2 dated November 29, 2014](#), any change will be notified to the members with sufficient notice through circulars/notifications.

2. Will Clearing Corporations contribute to each other's Core SGF?

No. Clearing Corporations shall not contribute to each other's Core SGF to prevent contagion effect.

3. Will Exchange's contribute to all Clearing Corporations Core SGF?

Yes. As per SEBI Circular on Core Settlement Guarantee Fund, Default Waterfall and Stress Test dated August 27, 2014, Stock Exchange contribution to Core SGF shall be at least 25% of the MRC.

The Clearing Corporation shall seek contribution to its Core SGF from all the Exchanges it clears trades for.

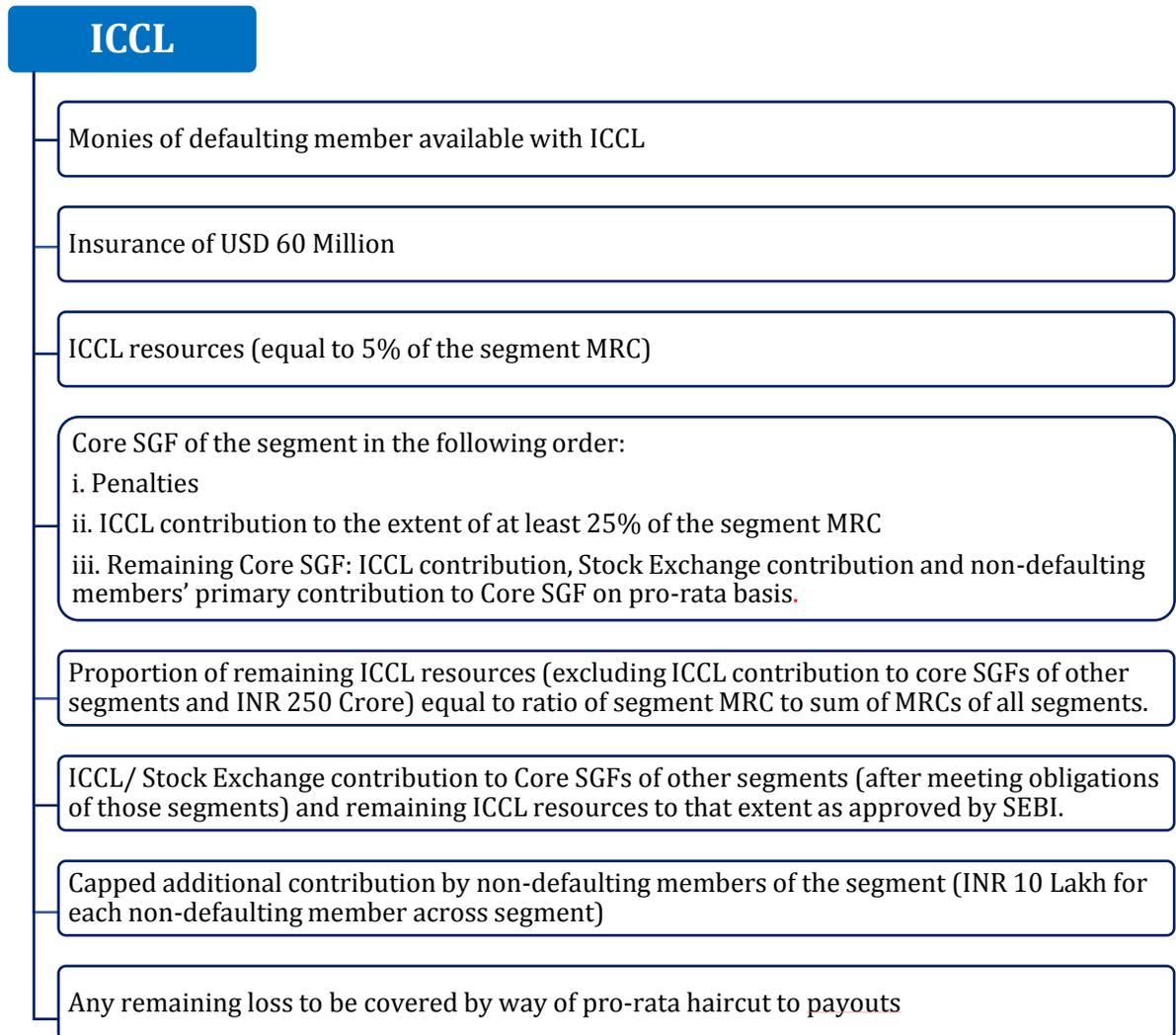
4. Will my limited liability requirement increase after interoperability?

As per SEBI Circular on Core Settlement Guarantee Fund, Default Waterfall and Stress Test dated August 27, 2014, Clearing Corporations are required to limit the liability of non-defaulting members.

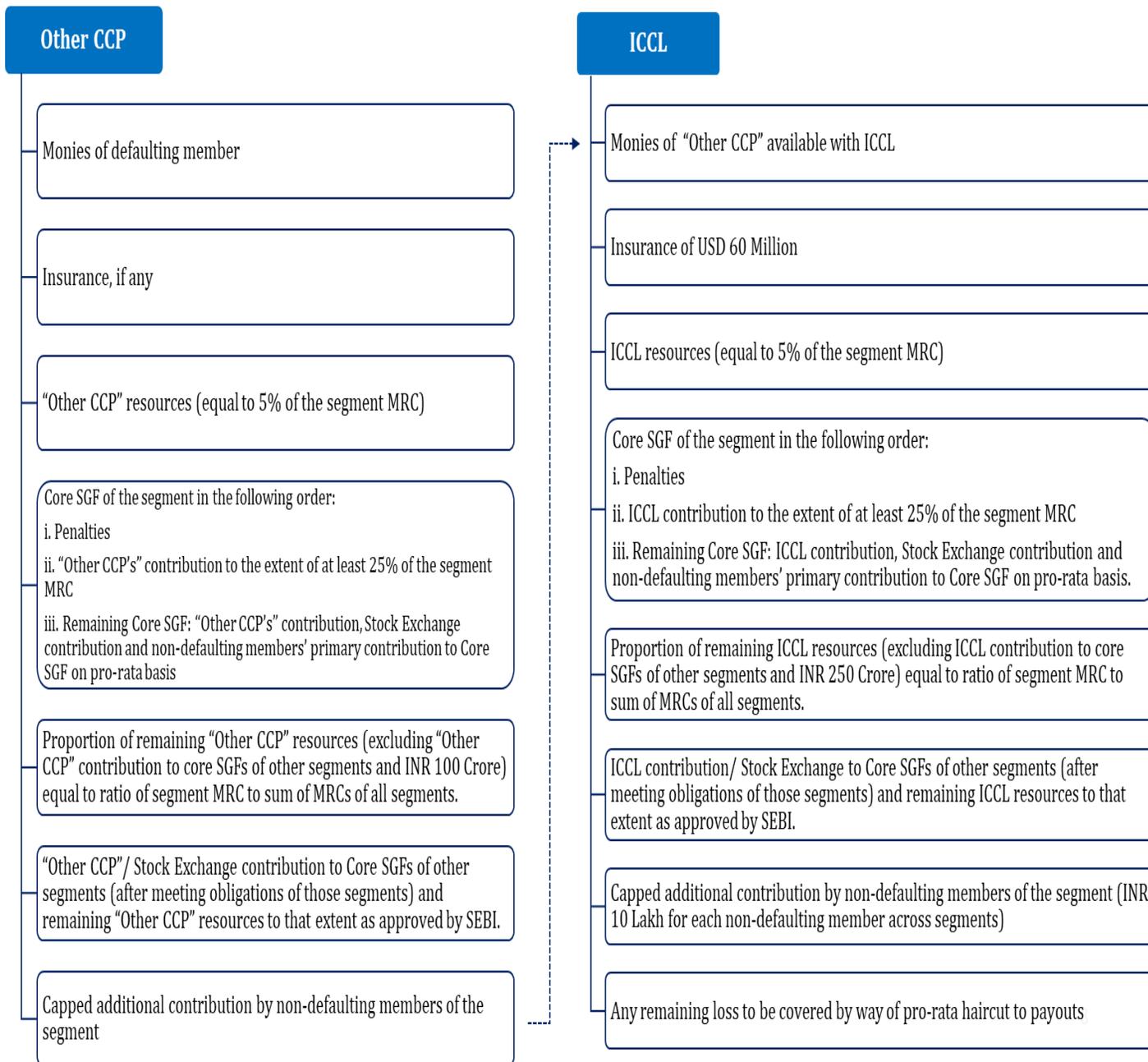
ICCL has currently fixed the liability of non-defaulting members as INR 10 Lakh (INR 1 Million).

Any change will be notified to the members with sufficient notice through circulars/notifications.

5. What is the Default Waterfall structure if the defaulting member is a member from ICCL itself?



6. What is the Default Waterfall structure if the defaulting member is a member of another Clearing Corporation?



Annexure

Netting Framework - Illustration

Equity Segment

Mapping

Client 2 has one UCC (“Unique Client Code”) across exchanges and is linked to TM ABC -> CM PQR. CM PQR has designated CCP A as its preferred CCP of choice.

CCP		CM		TM		Client
A	←	PQR	←	ABC	←	Client 2

Trades

Assuming all trades for a given settlement number (settlement calendar and settlement number of CCP A will be considered). Consider the following trades carried out by Client 2:

CCP	Exchange	Scrip Code (Exchange Level)	Scrip Code (Designated CCP)	Scrip Name	B/S	Quantity	Legend
CCP A	Exchange A	123	123	Scrip FIO	B	150	A
CCP A	Exchange B	456	123	Scrip FIO	S	50	B
CCP A	Exchange A	987	987	Scrip BEN	B	350	C
CCP A	Exchange A	987	987	Scrip BEN	B	350	D
CCP A	Exchange B	826	437	Scrip SHA	S	60	E
CCP A	Exchange B	773	356	Scrip SAN	S	500	F
CCP A	Exchange A	356	356	Scrip SAN	B	260	G

Position at CCP A and Margin

CCP	Scrip Code (Designated CCP)	Scrip Name	B/S	Position Quantity	Legend	Position Value	Margin Value
CCP A	123	Scrip FIO	B	100	A-B	5,000.00	625.00
CCP A	987	Scrip BEN	B	700	C+D	35,000.00	17,500.00
CCP A	437	Scrip SHA	S	60	E	43,700.00	10,925.00
CCP A	356	Scrip SAN	S	240	F-G	5,11,100.00	5,11,100.00
Client 2's Margin at CCP A							5,40,150.00

Derivatives Segment

Mapping

Let us take the same Client 2 as an example. Client 2 has one UCC (“Unique Client Code”) across exchanges and is linked to TM XYZ -> CM TAN. CM TAN has designated CCP B as its preferred CCP of choice for the Equity Derivatives Segment.

CCP		CM		TM		Client
B	←	TAN	←	XYZ	←	Client 2

Trades

Consider the following trades carried out by Client 2. Assume that Client 2 has no open (carried forward) trades.

CCP	Exchange	Series ID (Exchange Level)	Series ID (Designated CCP)	FUT/ OPT	Call/ Put	Series Code	Expiry	Strike	B/S	Quantity	Legend
CCP B	Exchange A	1234	7896	FUT	-	FLOH	31-05-19	-	B	500	A
CCP B	Exchange B	7896	7896	FUT	-	FLOH	31-05-19	-	S	200	B
CCP B	Exchange B	7999	7999	FUT	-	FLOH	30-06-19	-	S	400	C
CCP B	Exchange B	8426	8426	OPT	Call	KUNG	31-05-19	80	S	200	D
CCP B	Exchange A	1224	8426	OPT	Call	KUNG	31-05-19	80	B	100	E
CCP B	Exchange B	8759	8759	OPT	Call	KUNG	31-05-19	82	B	150	F

Position at CCP B and Margin

CCP	Series ID (Designated CCP)	FUT/ OPT	Call/ Put	Series Code	Expiry	Strike	B/S	Position Quantity	Leg end	Position Value	Margin Value
CCP B	7896	FUT	-	FLOH	31-05-19	-	B	300	A-B	500,000.00	77,900.00
CCP B	7999	FUT	-	FLOH	30-06-19	-	S	400	C	700,000.00	
CCP B	8426	OPT	Call	KUNG	31-05-19	80	S	100	D-E	300,000.00	
CCP B	8759	OPT	Call	KUNG	31-05-19	82	B	150	F	200,000.00	

Useful Links

Equity Cash Segment

- Margin:
http://www.icclindia.com/Static/Risk Management/margin_cash.aspx
- Historical VaR ELM Margin:
<http://www.icclindia.com/riskmgmt/VaRELMargin.aspx>
- Var Margin Groups:
<http://www.icclindia.com/riskmgmt/varmargin.aspx?flag=1>

Equity Derivatives Segment

- Margin:
http://www.icclindia.com/Static/Risk Management/margin_derivatives.aspx
- EDX Risk Parameter Files:
<http://www.icclindia.com/riskmgmt/RiskparameterNEW.aspx>

Currency Derivatives Segment

- Margin:
http://www.icclindia.com/Static/Risk Management/margin_currency.aspx

CDX Risk Parameter Files:

<http://www.icclindia.com/riskmgmt/CurrRiskparameternew.aspx>

C. Collaterals

- Clearing Members/Custodians who would designate ICCL for clearing and settlement of trades for a particular segment under interoperability would maintain the collateral with ICCL for that segment.
- There will be no change in the current Collateral framework for Equity cash, Equity Derivatives, Currency Derivatives & Debt segment applicable at Clearing Member (CM)/Custodian level.

Collateral Transfers

Synonyms for understanding:

CC1: ICCL

CC2: Other CC

1. How the transfer of cash collateral deposit will happen from one CC to another?

- ✓ Member will approach CC2 for releasing Cash Collateral.
- ✓ Post release of the said deposit by CC2, the Clearing Member can transfer cash collateral with CC1 through the online web based collateral system provided by CC1 to the Clearing members and Clearing Banks, as per the existing process.

2. How the transfer of Bank Fixed Deposit Receipts (FDR's) collateral deposit will happen from one CC to another?

- ✓ Member will send FDR release request to CC2. CC2 will release FDR and lien on such FDRs.
- ✓ Post release of the said deposit from CC2, Member will approach the concerned bank and provide instructions for shifting of lien from CC2 to CC1.
- ✓ Accordingly, banks will mark lien in favor of CC1 and confirm the FDR information to CC1, as per the existing process.

3. How the transfer of Bank Guarantee (BG) collateral deposit will happen from one CC to another?

- ✓ Member will send BG release request to CC2. CC2 will release the BG.
- ✓ Post release of the said BG by CC2, the member will approach the concerned bank and provide instructions for issuance of BG, from CC2 to CC1.

- ✓ Accordingly, the banks will do the needful for issuance the BG in favor of CC1 and confirm the BG information to CC1.

4. How can I transfer Demat Securities by way of Pledge from one CC to another?

- ✓ Member will provide release request to CC2. CC2 will accordingly release the securities through unpledged process, as at present.
- ✓ Post release of the said Securities by CC2 through unpledged process in the depository system in the member's NSDL/CDSL demat account, members will create pledge of securities in favor of CC1 through its beneficiary account with CDSL/NSDL, as per the existing process.

5. Is there any collateral format change pertaining to deposit of FDR's & BG?

No. There is no format change. Existing FDR & BG format shall be applicable.

6. Is there any change in format of Deed of Pledge Agreement?

No. There is no change in the deed of pledge format.

7. Are there any intraday collateral release charges?

The annual collateral management charges, clearing charges and same day cash collateral withdrawal charges have been waived off by ICCL.

Reference Notice No: 20190513-28 dated 13 May 2019.

8. Will I get any interest on my cash collateral placed in Equity cash and Derivatives segment?

Yes. ICCL will provide interest benefit on cash collateral maintained in the Equity cash, Equity Derivatives Segment and Currency Derivatives Segment.

Reference Circular: Notice No 20190521-15 dated 21.05.2019

D. Margin Reporting

1. Is there any change in the margin reporting file downloaded for Equity Derivatives & Currency Derivatives segment through member extranet module?

No. There will be no change in the margin reporting file. The clearing members and trading members associated with ICCL will continue to report margin reporting for their clients based on the overall trading activity across Exchanges as per the existing mechanism for the Derivatives Segment. Margin file will be provided by the designated CC of the Clearing member of the Trading member.

The margins provided in the margin reporting files will be on the combined netted positions of a client/CP/Proprietary on a specific contract across the exchanges.

E. Clearing & Settlement

1. Will ICCL clear trades on stocks/contracts not traded at BSE?

Yes. The obligation will be cleared by ICCL irrespective of the exchanges where they are traded.

2. Will there be any change in the settlement process for Equity cash & Derivatives segment?

No. There will be no change in the settlement process of Equity cash & Derivatives segment. Settlement will be effected in accordance with the Settlement Calendar issued by ICCL from time to time.

Where ICCL is designated as the CC for the Clearing member for the respective segment, the settlement will be based on the consolidated position of the trades done by the trading members (settling through such Clearing member) across multiple Exchanges.

3. Will the settlement be on the netted payin/Payout amount for positions across exchanges?

Yes. The settlement will be netted except for trades in Trade for Trade securities.

4. How will the different security, contract identifiers be addressed under Interoperability?

Indian Clearing Corporation Limited (ICCL) will provide Security master for Equity segment and contract master for Equity Derivatives & Currency Segment.

Security Master and Contract Master respectively shall contain information related to securities/contracts which shall be settled by ICCL for trades across Exchanges.

Securities which are traded at BSE and also traded on other Exchanges shall contain BSE Scrip code & symbol. Securities which are not traded at BSE but traded on other Exchanges will be assigned unique identifier (scrip code) and symbol which will be used in all reports and Clearing Systems of ICCL for Equity segment.

In case of Equity Derivatives and Currency Derivatives contracts which are same across Exchanges, contract token number and contract descriptor used for Trading at BSE shall be used in all reports. Contracts which are not traded at BSE however settled by ICCL, unique identifier (contract token number) and contract descriptor such as (Instrument type, Symbol, Expiry Date, Strike Price, Option Type) shall be assigned.

Kindly refer circular number 20190426-32 dated April 26, 2019, for security / contract master file format published by ICCL.

5. How Auction of securities would be conducted?

Auction of securities would be conducted as at present at the Clearing Member level. There is a facility at ICCL for reporting 'Self Auction' of the member. The same would be conducted by ICCL along with normal auction conducted for the market.

6. How will the Confirmation of trades entered by custodial participants will be handled under the interoperability framework?

The trades executed on exchanges will be available for Give-up/Take-up (allocation and confirmation) on the respective CC's Risk management system as per the interim model and not by the designated CC.

However, the levy of margin (as applicable in case of upfront marginable and non-upfront marginable custodial participants) and settlement will be performed by the members at their designated CCs.

Notice Reference: Notice No 20190430-39 dated 30 Apr 2019.

7. Is there any change in the Give-up/ Take-up file format for Equity Cash Segment?

There are no other changes except for CP Code field size for Give-up (6A) / Take-up (7A) entries i.e. 12 digits instead of 11 digits.

Notice Reference: Notice No 20190426-32 dated 26 Apr 2019.

8. Is there any change in the process of Early pay-in of Securities/Funds in Equity cash segment?

There would be no change in the process of Early pay-in of securities (EPN) and Early pay-in of Funds (EPF) for Clearing Members & Custodian Members except for some field changes in the uploaded files.

Notice Reference: Notice No 20190426-32 dated 26 Apr 2019.

9. Will there be any changes in the File formats provided by ICCL?

Except the Contract Master, Trade files, Give-up/Take-up files and Early pay-in files there is no change in any other EOD files.

Notice Reference: Notice No 20190426-32 dated 26 Apr 2019.

10. Will the settlement number be uniform across exchanges under the interoperability framework?

There will be no changes to the existing settlement numbers. Settlement number of the respective exchange/CC shall prevail.

11. Will there be a need to maintain separate pool account for different CC's?

CC wise separate pool a/c in depository system will be required for settlement purpose.

Position Portability:

12. Will there be a position transfer Facility in Equity cash segment under the Interoperability framework?

No. Depending upon the consent provided by the clearing members for the designated CC in equity cash segment, the trades done on and after the effective date of such change will be cleared through the new CC.

13. Will there be a position portability in Equity derivatives & Currency derivatives under the Interoperability framework?

Yes. Depending upon the consent provided by the clearing members for the designated CC in Equity derivatives & Currency derivatives segment, the open positions of the clearing member will be transferred from the old CC to the new CC. The settlement obligations determined prior to the effective date will be settled with the old CC.

Assuming a clearing member wishes to transfer its positions from CC2 to ICCL (CC1) in Currency derivatives segment as the member has designated ICCL as the designated CC for the respective segment. In such a case;

- ✓ Clearing member will approach CC2 and request for change in affiliation.
- ✓ Approval from disaffiliating CC2 (Old CC)
- ✓ Approval from affiliating CC1 (New CC)
- ✓ CC2 will coordinate with CC1 for position portability of the respective CM.
- ✓ Clearing member will approach CC2 for release of collateral deposits.

- ✓ Post release confirmation from CC2, member will deposit the collaterals with CC1 for margin/settlement obligations.

F. Compliance Queries

1. How will Client financial ledgers be maintained in view of the inter-operability?

The standardised format of client financial ledger has been specified vide Exchange circular 20180830-31 dated August 30, 2018 & 20181115-27 dated November 15, 2018.

With respect to Segments forming part of interoperability, Client financial ledgers can be prepared Segment wise and consolidated across Exchanges. (For instance, in case of CM, FO & CD Segment, Stock Broker shall maintain separate ledger for CM Segment across all Exchanges & separate ledger for FO segment across all Exchanges & separate ledger for CD segment across all Exchanges). The bills posted shall mention the relevant Clearing Corporation's (CC) settlement number, as available. However, during inspections, Stock Brokers should be able to demonstrate the break-up of trades (Segment-wise & Exchange-wise) for the bills so posted.

With respect to other Segments/products which are not part of interoperability of CCs, Stock Brokers shall continue to follow the existing practice.

2. Will the format of Common contract note change?

Exchange circular 20181016-12 dated October 16, 2018, prescribes the format of the Common contract note. In view of introduction of interoperability, Stock Brokers may give trade information in the contract note, Exchange wise or Segment wise. Stock Broker may also give additional details in the contract notes or make necessary changes without compromising with the minimum details prescribed in the existing format.

3. How will the serial number be mentioned on the contract note if the same is issued Segment-wise?

The serial number on the contract notes shall commence from April 01 of the respective financial year. Stock Brokers, based on their internal policy, may opt to issue a single consolidated contract note or issue separate contract notes for different segments as the case may be. Such internal policy shall also lay down guidelines on the serial number and shall be followed consistently.

However, as a one-time exercise, Stock Brokers shall be provided an option to reset the serial number w.e.f. June 03, 2019 in view of the inter-operability.

4. Will the MTF reporting change due to interoperability?

Reporting shall be done on the Exchange in which the exposure was taken (i.e. scrip was bought). However, in case of liquidation, the reporting shall be done in the Exchange in which the scrip was bought, under the column provided for liquidation, even if it was liquidated on another Exchange.

5. How will Register of securities (ROS) be maintained in view of the interoperability?

The standardised format of ROS has been specified vide Exchange circular 20180830-31 dated August 30, 2018 & 20181115-27 dated November 15, 2018. In view of Interoperability, "Exchange" column (column no. 3 of ROS format) shall be replaced with "Clearing Corporation (CC)" or "Clearing Member" as the case may be.

Accordingly, Stock Broker shall mention the relevant CC/CM name, in the said column.

Further, the "Settlement No." column (Column 11 of the ROS format) shall bear the settlement number of the relevant CC through which trades are cleared. However, during inspections, Stock Brokers should be able to demonstrate the breakup of trades (Segment-wise & Exchange-wise).

There will be no change in the format of holding statement.

6. Whether, after interoperability, NRIs can buy/sell on one Exchange and square up on other Exchange(s) on the same trading day?

No, NRIs cannot undertake intra-day transactions in cash segment. In case a scrip is bought/sold on one Exchange, Stock Brokers will have to ensure that the same scrip is not squared up on same or other Exchange(s) on the same trading day and ensure that such NRI Investor takes delivery of shares purchased and give delivery of shares sold.

7. For the purpose of collection and reporting Margin/MTM losses, financial balances of which segment should be used?

Stock Brokers shall consider the free & unencumbered consolidated balance across all segments (excluding balance in the client's Margin Trading (MTF account) and Exchange for the purpose of collection & reporting Margin/MTM losses of the client. This shall be in supersession to point no. 5 of "FAQ's on Margin Collection and Reporting including Mark to Market Margin (MTM)".

The link of the same given below:-

https://www.icclindia.com/downloads/FAQ_Margin_Collection&Reporting.pdf.

8. What will be the implication on trading for a client if such client is registered only one Exchange?

For the purpose of trading, the client's UCC should be registered with the Exchange. A client registered with one Exchange will be allowed to trade only in that Exchange, but his trades can be settled through any designated CC. However, such client, cannot trade on any other exchange unless his UCC is registered to trade on that Exchange.

Relevant Circular Links:

For more details members/custodians may refer the aforesaid circulars.

Sr. No	Circular	Authority	Circular Link
1	Interoperability among Clearing Corporations	SEBI	https://www.sebi.gov.in/legal/circulars/nov-2018/interoperability-among-clearing-corporations_41089.html
2	Facility for Clearing Members and Custodians to provide consent letters through BSE Online Filing System (BEFS)	ICCL	http://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20190503-1
3	Operational Guidelines for Risk Management & Clearing and Settlement in Interoperability framework amongst Clearing Corporations.	ICCL	http://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20190430-39
4	Interoperability among Clearing Corporations	ICCL	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20190415-11
5	Interoperability framework amongst Clearing Corporations- Members / Custodians Back office files.	BSE/ICCL	http://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20190426-32
6	FAQ's on Interoperability framework amongst Clearing Corporations	BSE Compliance	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20190516-37
7	Interoperability framework amongst Clearing Corporations- Members / Custodians Back-office Files - Update	BSE	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20190516-38

For any clarifications, Members may contact their respective Relationship Managers or any of the following team officials:

Sr. No	Type of Queries	Coordinates
1.	Registration Process (ICCL Membership)	22728308/8365/8788 ravindra.palande@icclindia.com
2.	Collaterals	22728467/8185/8843/8567 bse.csd@bseindia.com
3.	Margins	22728759/5820/8679 risk.iccl@icclindia.com
4.	Settlements: Equity Cash	22728468/8704/8223/5163 bse.csd@bseindia.com
	Settlements: Derivatives	22728185/8467/8843/8567 bse.csd@bseindia.com
5.	Trading related Queries (Trade File/STT/Transaction charges) etc.	30594000 bsehelp@bseindia.com