



NATIONAL SECURITIES CLEARING CORPORATION LIMITED

DEPARTMENT : SECURITIES LENDING & BORROWING SCHEME (SLBS)

Download Ref No : NSCCL/CMPT/36465

Date : December 11, 2017

Circular Ref No : 098/2017

All Participants,

Sub :- Review of Securities Lending and Borrowing (SLB) Framework

This has reference to our circular ref no. NSCCL/CMPT/36328 dated November 20, 2017 and is in partial modification to our circular ref no. NSCCL/CMPT/34655 dated April 17, 2017. In pursuance of SEBI Circular Ref No: CIR/MRD/DP/122 /2017, dated November 17, 2017, following changes shall be introduced in Securities Lending and Borrowing Scheme:-

1. Position Limit Monitoring:-

The Position Limits in SLB stands modified as under:-

- a. The market wide position limit for SLB transactions shall be 10% of the free-float capital of the company in terms of number of shares
- b. No clearing member shall have open position of more than 10% of the market-wide position limit.
- c. The position limit for an institutional investor shall be the same as that for a clearing member.
- d. The client level position limit shall not be more than 1% of the market-wide position limit.

2. Treatment of Corporate Actions:-

Transactions in securities where there is a corporate action of other than dividend and stock split shall be foreclosed on the Ex-date.

Foreclosure in the event of AGM/EGM

There shall be two set of contracts i.e. Series for each security available for trading:-

- a. Contracts which shall be mandatorily foreclosed on the Ex-date in the event of AGM/EGM
- b. Contracts which shall not be foreclosed in the event of AGM/EGM.

- a. Contracts which shall be mandatorily foreclosed in the event of AGM/EGM

It may be noted that the current set of contracts (identified by series as mentioned in Annexure 1) available for trading shall be mandatorily foreclosed in the event of all corporate actions including AGM/EGM except Dividend and Stock Splits.

b. Contracts which shall not be foreclosed in the event of AGM/EGM.

An additional set of contracts (identified by series as mentioned in Annexure 2 shall be introduced for trading which shall not be foreclosed in the event of AGM/EGM. However these contracts shall continue to be foreclosed for other corporate actions other than dividend and stock split. In addition to above, twenty four new contracts for rollover shall also be introduced. These contracts shall be used to rollover positions taken in contracts which shall not be foreclosed in the event of AGM/EGM. The rollover contract shall be identified by a 2 digit alphanumerical series. Each rollover series represents a source series, which participant wants to rollover and the target series. The details of rollover series are provided in Annexure 3.

The functioning and features of the new series of regular and rollover contracts shall be same as applicable to current series of regular and rollover contracts. The only difference shall be that the new series of contracts shall not be foreclosed in the event of AGM/EGM corporate actions and the contracts shall continue till the respective expiry.

3. Rollover facility:-

Currently, as stipulated by SEBI, rollover is permitted for a period of 3 months i.e. the original contract plus 2 rollover contracts. For example- Rollover of positions in June (06) series is allowed upto July (07) or August (08) series only.

With effect from January 01, 2018, Rollover of an original contract shall be permitted multiple times subject to one condition i.e. the total duration of the contract after taking into account rollovers shall not exceed 12 months from the date of the original contract.

For example-

Current Scenario:-

Participant X takes a position in the 12 series (Expiry date- 07-DEC-2017) on November 17, 2017. Currently the said positions can be rolled over from 12 series (Expiry date-07-DEC-2017) to 01 Series (Expiry date-04-JAN-2018) or from 12 series (Expiry date-07-DEC-2017) to 02 Series (Expiry date-01-FEB-2018)

Revised Scenario with effect from January 01, 2018:-

The participant shall be allowed to rollover the position in 12 series (Expiry date-07-DEC-2017) post November 17, 2017 multiple times up to 11 Series (Expiry date-01-NOV-2018) i.e. the said position cannot go beyond November 17, 2018.

At any point in time rollover contracts shall be available only for near month series. Rollover contract for near month series shall be introduced from next day of expiry of previous monthly series.

In view of the above change, there shall be a format change (highlighted) in the file “Additional Final Delivery/ Funds obligation report for reverse leg”

Additional Final Delivery/ Funds obligation report for reverse leg

File Naming convention:

<Member code>_SOTD_< Member_type>_P_1_FNL _ddmmHHMMSS.CSV.gz

File Location: slbftp\reports

File details and format: Comma separated File (CSV)

Field Name	Value
Serial No	
Buy/Sell Flag	B', 'S'
Transaction Number	16 digit number
Transaction Date	date
Settlement Type	
Settlement No	7 digits
Security Symbol	
Security Series	
Security Expiry Date	
Order No	16 digit number
Payin/Payout Date	
Custodian Code	
Custodial Participant Code	
Client Code	
Transaction Quantity	
Transaction Price	
Transaction Amount	
Rollover Indicator **	MMM-YYYY

** This field shall contain the maximum permissible Month of contract for Rollover which ensures that the total tenure of an existing position shall not exceed 12 months from the date of the original contract.

For Example: - If the position has been taken on 08-DEC-2017 the total tenure of the contract shall not exceed 12 months i.e.08-DEC-2018. Thus the Permissible month of contract beyond which rollover would not be allowed would be DEC-18. In a scenario if the position was taken on 01-DEC-2017, then the permissible month of contract beyond which rollover would not be allowed would be NOV-18 (as DEC-18 Expiry falls on 06-DEC-2018 which is beyond 01-DEC-2018)

Member shall use rollover indicator of above report to identify the Expiry Month till which the rollover of a reverse leg position will be allowed.

All the changes mentioned above shall be implemented with effect from January 01, 2018.

Participants are advised to take note of the above.

**For and on behalf of
National Securities Clearing Corporation Ltd.**

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