

## **Annexure-A**

### **FAQ ON INTER-OPERABILITY**

#### **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.

Further, the "Exchange" column (column no. 7 of client ledger format) shall be replaced with "Clearing Corporation (CC)" and the name of the Designated Clearing corporation which is clearing the trades shall be mentioned.

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.

The contract note shall bear the respective settlement numbers at the appropriate place provided and the “Name of Exchange & Segment” shall be replaced with “Name of Clearing Corporation & Segment”

## **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 Inter-operability, “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 and Exchanges (including Commodities but excluding balances in the client's Margin Trading (MTF) account) 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.bseindia.com/markets/MarketInfo/DownloadAttach.aspx?id=20180627-44&attachedId=75da4d13-38d1-43fb-9429-de56949ffb63>

**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.

**9. Will there be any change in the weekly reporting of securities holding details in view of the Inter-operability?**

There will be no change in the weekly reporting of securities holding details. The holding statement is required to be prepared on a consolidated basis across all Exchange. In view of the same stock brokers shall continue to upload the date-wise, DP account wise, client-wise and ISIN wise securities holding balances to all the Exchanges irrespective of the Designated Clearing Corporation selected.

**10. Will there be any change in the weekly submission of data towards monitoring of client funds (Enhanced Supervision) in view of the Inter-operability?**

The various data required to be submitted towards weekly monitoring of client funds as stipulated by the provisions of Enhanced Supervision is a consolidated data across all Exchanges. Hence, there will be no change in the submission of the same and will continue to be reported on all the Exchanges wherever the stock broker is registered.

**11. In view of the inter-operability, will there be any change in the Monthly reporting of Clients funds and securities balances as stipulated by the provisions of Enhanced Supervision?**

As per SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, Stock Brokers, among other information's, are required to submit data relating to Exchange-wise end of day fund balance as per the client ledger, consolidated across all segments and the net funds payable or receivable by the broker to/from the client across all Exchanges

In view of the interoperability, the following changes shall be noted: -

a) In case of stock brokers holding membership in Exchange/s excluding Commodity Exchanges, the data relating to “Exchange-wise end of day fund balance as per the client ledger” shall not be submitted. Only the “net funds payable or receivable by the broker to/from the client across all Exchanges” shall be reported. Such Net funds shall also include balances in the commodity segment of the Stock Exchanges.

Stock brokers shall enter “0” in the field provided for “Exchange-wise end of day fund balance.

b) There will be no change in reporting mechanism to Commodity Exchanges and it will continue as it is.

c) In case of stock brokers holding multiple membership in Exchanges including Commodity Exchanges, such stock broker shall:

- Provide data relating to “Exchange-wise end of day fund balance” as well as “net funds payable or receivable by the broker to/from the client across all Exchanges” while reporting to Commodity Exchanges.
- Exclude data relating to “Exchange-wise end of day fund balance” and input only the “net funds payable or receivable by the broker to/from the client across all Exchanges” while reporting to Stock Exchanges.

Stock Brokers shall enter “0” in the field provided for “Exchange-wise end of day fund balance.

There are no changes in the other information submitted viz. total number of ISINs and number of securities across all ISINs, details of Securities pledged, End of the day Commodities balance, details of pledge and settlement date. Stock Brokers shall continue to submit the details as per the existing guidelines.

**Illustration-1: Stock Broker having multiple Membership in all Exchanges including Commodities Exchanges**

Exchange	Balances ( Rs.)
Stock Exchange-1 & 2	50,000 (Cr.)
Commodity Exchange	20,000 (Cr.)

## Reporting at Stock Exchanges

Client Name	End of day Fund Balances		End of day securities balance		Details of Securities pledged		Last balance settlement date
	Exchange wise Fund balance (Rs.)	Net across Exchanges (Rs.)	Total number of ISINs	Total quantity of securities	Quantity of securities pledged	Funds raised (Rs.)	
ABC	0	70000	5	1000	0	0	DD-MM-YYYY DD/MM/YYYY DD-MMM-YY DD/MMM/YY, ND, NA, BTB

## Reporting at Commodity Exchanges

Client Name	End of day Fund Balances		End of day securities balance		Details of Securities pledged		Last balance settlement date
	Exchange wise Fund balance (Rs.)	Net across Exchanges (Rs.)	Total number of ISINs	Total quantity of securities	Quantity of securities pledged	Funds raised (Rs.)	
ABC	20000	70000	5	1000	0	0	DD-MM-YYYY DD/MM/YYYY DD-MMM-YY DD/MMM/YY, ND, NA, BTB

## 12.How will the reporting of client funding be undertaken?

There is no change in the Client Funding Report and will continue to be reported at the traded Exchange (i.e. where shares have been bought). In case you have

bought on one Exchange and sold on another Exchange, the reporting will be done on the Exchange where there is an o/s bought position. For Illustration:

<b>Exchange</b>	<b>Bought</b>	<b>Sold</b>
Exchange-1	1000 qty	
Exchange-2		500 qty
O/s Position	500 qty	

In the above illustration, the reporting will be done in Exchange -1.

### **13.Will exposure be granted on the deposits placed with the Exchanges?**

The designated Clearing Corporation shall grant exposure on the free & un-encumbered deposits (excluding the minimum deposits prescribed by SEBI i.e. Base Minimum Capital) placed by Trading Members at each segment level with all the concerned Exchanges.

### **14.How will the reporting of Risk Based Supervision data be done?**

In view of interoperability the following data which is currently submitted exchange wise in the RBS shall, henceforth, be submitted across all Exchanges:

- Brokerage income
- Total debit balance of all clients
- Total available collaterals from all debit balance clients
- Total amount of delayed payment charges collected from the clients