

Department: CAPITAL MARKET

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All Members and Custodians,

Sub:- FAQs- Changes considering 'Revision in Contract Note Format'

This has reference to Exchanges circular no. NSE/INSP/61999 dated May 13, 2024 and notice - 20240513-22 dated May 13, 2024 and subsequent FAQs issued by Exchanges.

Frequently asked Questions (FAQ's) on changes considering 'Revision in Contract Note Format on account of single Volume weightage average price (VWAP)' are enclosed as **Annexure-A**.

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

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Frequently asked Questions (FAQ's): Changes considering 'Revision in Contract Note Format on account of single Volume weightage average price (VWAP)'

Q-1: Will there be any changes in the existing reporting format of Obligation Transfer Request (OTR) process on account of single VWAP?

Ans: Yes. In pursuant to implementation of uniform contract note with single VWAP, NCL will provide a single OTR download that consolidates trades executed across various Exchanges at respective Symbol level for allocations & confirmations at members and custodians end respectively.

Q-2: What changes are expected in the OTR workflow with the move from exchange wise to a consolidated format?

Ans:

- **Current process-** On trade day, OTR data is provided by Designated Clearing Corporation (DCC) to members for allocation purpose. This data is consolidated at- Symbol, Series, Buy/Sell flag and Exchange level.
- **Revised process-** On trade day, OTR data shall be provided by DCC for allocation purpose consolidated at- Symbol, Series and Buy/ Sell flag. The Exchange indicator field in the OTR shall be substituted with a common indicator field 'A'.
- Allocation process at NCL is at Value (upto 2 decimal places) and not at PRICE.
- Based on allocations received from Members, respective DCC will download the Exchange Order to respective Custodians, following PRICE precision (upto 4 decimal). It is the arrangement between client and member on providing average trade price up to 2 or 4 decimal places.
- There is no change in file format of order downloaded to custodian except Exchange indicator. The Exchange indicator in field in order file downloaded by CC to custodians and confirmation file uploaded by Custodians will be substituted with a common indicator field i.e. **ALL**'.

Q-3: Will changes for common contract note impacts the 'Custodial transactions' as well?

Ans: Yes. Trades executed at Custodial Participant level shall also be consolidated across Exchange level and downloaded to custodians with Exchange indicator as 'ALL'.

Q-4: Will there be changes in file format for custodians?

Ans: ISO file format shall remain same for order download and confirmation. However, at present while trades are downloaded to custodians, the Member Codes and the Symbols are populated based on the Exchange to which trade belongs. Going forward, Member Codes and the Symbols shall be provided as applicable of DCC of the Custodians.

Q-5: Will there be any additional files provided to Custodians?

Ans: CCs shall provide 'Applicable Trading Member code' and 'Applicable Symbols' files to custodians on daily basis. File format shall be provided shortly.

Q-6: Will the OTR changes have any impact on the various reports generated at CC level?

Ans: No, the changes will not impact the various reports generated at the CC level. The modifications are specific to the OTR workflow and do not affect the existing reporting structures or processes.

Q-7 Will there be any change in reporting format of custodians to SEBI/ Depositories?

Ans- No. Existing reporting to various regulators to be continued.

Q-8: In addition to exchange identifier, will there be any change in the settlement number population in the STP format?

Ans: Settlement number is a CC function and with implementation of Interoperability, it has been crystallized that settlement number will be of respective DCC.

Q-9: Will there be any changes for brokerage payment mechanisms?

Ans: The current reporting mechanism as prescribed by DCC will remain the same; however, the Exchange indicator in the reports will be substituted with 'A' representing the Exchange as ALL.

Q-10: Will revised format of contract note be applicable for other segment such as OFS, buy back or debt segment.

Ans: No, as OFS and OTB are bidding process. However, members may use new format for providing Exchange wise contract note. The same has been detailed in the Exchange FAQs. Accordingly, there will be no changes to the custodian confirmation/download reports for the OFS segment.

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