

Annexure

Master circular for Securities Lending and Borrowing Scheme

(Updated Till March 31, 2024)

Table of Contents

Sr. No.	Particulars	Page No.
1.	ELIGIBILITY CRITERIA AND ORDER MATCHING PLATFORM	3
1.1	Eligibility criteria for Participants	3
1.2	Eligible securities and tenure of contracts	3
1.3	Screen Based SLBS – Order Matching platform	3
2.	LIQUID ASSETS	4
2.1	Composition of Liquid Assets	4
2.2	Procedure for depositing various types of collateral deposits towards Liquid Assets	4
2.3	Procedure for submission of release request of Liquid Assets	7
2.4	Transfer of collateral from SLBS segment to another trading segment	7
3.	MARGINS	8
3.1	Margining Process	8
3.2	Computation and collection of margins on SLBS transactions	8
3.3	Exemption from margins	10
3.4	Release of blocked margins, Lending Fees and Lending Price	10
3.5	Margins for Early Recall/Early Repay Transactions	10
3.6	Margin Shortfall	10
4.	CLEARING & SETTLEMENT	11
4.1	Settlement Schedule	11
4.2	Settlement Process	11
4.3	Auto delivery facility for pay-in of demat securities	13
4.4	Settlement pay-in shortages	13
4.5	Direct pay-out of demat securities to clients' beneficiary account	13
4.6	Pay-out of securities in member's pool account with selected depository	13
4.7	Operation of Clearing Bank settlement account	13
4.8	Transactions cleared and settled by custodians	14
4.9	Procedure for change in designated clearing bank	14
5.	ADJUSTMENTS FOR CORPORATE ACTIONS	15
6.	POSITION LIMITS ON SLBS TRANSACTIONS	16
7.	ROLL OVER ON SLBS TRANSACTIONS	18
8.	ANNEXURES	18
I	Securities Lending and Borrowing Agreement	19

Sr. No.	Particulars	Page No.
II	Rights and Obligations of Clearing Member and Client under Securities <u>Lending and Borrowing Scheme Segment</u>	31
III	Format of letter to Clearing Bank for deposit of additional capital in form of Cash	36
IV	Format of covering letter to be given by the clearing member for deposit of Fixed Deposit Receipts (FDRs)	37
V	Format of letter to be submitted by the concerned bank alongwith the Fixed Deposit Receipt	38
VI	<u>Format of letter for Renewal of Fixed Deposit</u>	39
VII	Format of covering letter to be given by the clearing member for deposit of <u>renewed Fixed Deposit Receipt</u>	40
VIII	Bank Guarantee Format	41
IX	Format of covering letter to be given by the clearing member for deposit of <u>bank guarantee</u>	45
X	Format for Renewal of Bank Guarantee towards Securities Lending & Borrowing Segment	46
XI	Format of covering letter to be given by the clearing member for deposit of <u>renewed bank guarantee</u>	48
XII	Format for extension of scope of Bank Guarantee from one trading segment to any other trading segments of BSE Ltd.	49
XIII	<u>Procedure for availing early pay-in by Clearing Members</u>	51
XIV	<u>Procedure for Early Return and Early Recall of securities by Participants</u>	52
XV	Format of letter from Clearing Member regarding shifting settlement account <u>from one designated Clearing Bank to another</u>	53
XVI	Format of additional trade files for the Rollover contracts entered into by members.	54

1. ELIGIBILITY CRITERIA AND ORDER MATCHING PLATFORM

1.1 Eligibility criteria for Participants

The salient features of eligibility and registration criteria for Participants are as under

- All trading / clearing members of BSE Ltd. (BSE) as well as Banks and Custodians are eligible to participate in SLBS (Securities Lending and Borrowing Scheme) subject to fulfillment of the eligibility criteria as specified by the Indian Clearing Corporation Limited (ICCL) from time to time. For this purpose they shall, *inter alia*, have to register as Participant in SLBS with ICCL as per the specified registration procedure.
- For registration and taking part in the SLBS, the eligible Participants need to apply in writing to ICCL along with an agreement with ICCL in the prescribed format as enclosed in Annexure – I. ICCL has also formulated the rights and obligations for the Participant and their clients for the purpose of lending and borrowing of securities under the SLBS and the same is enclosed as Annexure - II. The rights and obligations document shall be mandatory and binding on the Participant and their clients for executing transactions in SLBS.
- A Participant desirous of lending or borrowing securities under SLBS can do so either on their own account or on behalf of its clients.
- The Participant also needs to fulfill other conditions as may be prescribed by the Securities and Exchange Board of India (SEBI) and/or ICCL from time to time.

1.2 Eligible securities and tenure of contracts

Eligible securities

- The dematerialised securities traded in the Equity Derivatives Segment are eligible for lending and borrowing under SLBS. ICCL/BSE shall from time to time announce the addition / removal of the securities to / from the list of eligible securities under SLBS.
- In case of Record Date or Book Closure announced by the company in respect of such eligible SLBS securities, the security will not be allowed for lending and borrowing under the SLBS during the stipulated period as may be decided by ICCL from time to time.

Tenure of contracts

The tenure of contracts in SLBS would be of monthly series with ranges from one month up to a maximum period of 12 months. The securities return day would be identified based on the series number assigned to it. The respective series shall be available for SLBS transactions upto 4 working days prior to the corresponding stock return day of the respective series. If the securities return day is a holiday, then the securities return will take place on the immediate next working day.

1.3 Screen Based SLBS – Order Matching platform

ICCL has provided a separate screen-based order matching platform for executing securities lending and borrowing transactions.

2. LIQUID ASSETS

A Participant is required to deposit liquid assets for transacting in Securities Lending and Borrowing Scheme.

2.1 Composition of Liquid Assets

Eligible Participants in SLBS may deposit liquid assets in the form of cash and cash equivalent i.e. bank guarantees, fixed deposit receipts of scheduled commercial banks, Units of liquid Mutual Fund (or) Govt. Sec. Mutual Fund, Government Securities and T-Bills, Shares of S&P BSE 100 index scrips from the list of eligible Group-I Equity Shares and SGB20151 (2.75% Sovereign Gold Bond). Other forms of acceptable liquid assets may be prescribed by ICCL from time to time.

2.2 Procedure for depositing various types of collateral deposits towards Liquid Assets

Cash Deposits

For depositing cash towards liquid assets, the Participants need to send their online instructions, through the BSE Electronic Filing System (BEFS) Module, to their respective Clearing Banks for confirmation of such request.

ICCL has provided an on-line web-based facility (BEFS) to Participants for sending instructions to clearing banks for enhancement of cash collateral. Through the said BEFS facility, Participants can place their on-line requests to their designated clearing bank during specified timings for enhancement of cash collateral. The clearing banks have also been provided access to the on-line web-based facility (BEFS) for confirmation of the cash collateral enhancement requests. Based on the request forwarded by the Participant, the respective clearing banks may confirm or reject the enhancement of cash collateral request received by them.

Alternatively, in case of any contingency, the Participant and their designated clearing banks may at their discretion avail the facility of manual updations of cash collateral. For this purpose, the Participant may instruct their clearing banks (format given at Annexure – III) to confirm the cash collateral deposits to the ICCL, through written mode viz. fax, letters or email. Based on such written confirmations received from the Clearing Banks, the cash collateral deposits of the members will be manually updated in the system by the ICCL.

Fixed Deposit Receipts (FDRs)

A Participant can deposit FDR(s) of a scheduled commercial bank towards liquid assets. The FDRs deposited by the Participant should be issued in favour of "Indian Clearing Corporation Ltd. A/c – Trade Name of the Participant" and should be duly discharged by the Participant himself or an authorised signatory of the Participant on the reverse of the FDRs. The FDRs need to be deposited along with a covering letter in the format given in Annexure - IV and also with a letter from the concerned bank addressed to ICCL in the format given in Annexure - V. ICCL will accept the instrument along with the letters if the same are in order.

Fixed Deposit Receipts in electronic form (E-FDRs)

The Clearing Members can also deposit the Fixed Deposit Receipts in electronic form (E-FDRs) in favour of ICCL towards their liquid assets. The process for issuance of E-FDR is as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit required documents and information such as member code, segment for which FDR is to be deposited towards Liquid Assets (Collateral) requirements, Amount, Tenure etc.
- Request the bank to create a FDR and mark lien in favour of ICCL.
- Bank will issue the FDR, mark lien in favour of ICCL.
- Bank will update and confirm the FDR information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of E-FDR would be same as that of the current process for the FDR. ICCL shall from time to time, inform the Clearing members of the empaneled banks who shall provide this facility.

Renewal of FDRs

A Participant may renew the FDRs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – VI. The renewal letter should be submitted along with a covering letter by the Participant in the prescribed format given in Annexure - VII.

Bank Guarantee (BGs)

A Participant can deposit BGs issued by Scheduled Commercial Banks towards Liquid Assets requirement in the prescribed format as given in Annexure - VIII. The BG may be deposited along with a covering letter of the Participant in the format given in Annexure - IX. ICCL will accept the instrument along with the letter if the same are in order.

A Participant can deposit bank guarantee(s) with/without the claim period. In such cases i.e., where bank guarantee(s) are submitted without a claim period, the amount of the bank guarantee(s) would be removed from the liquid assets of the Participant at least seven days before the expiry date of the bank guarantee(s) or such other period as may be specified by ICCL from time to time.

Participants are required to ensure the following at the time of deposit of bank guarantees:-

- The bank guarantee is strictly as per the formats prescribed by ICCL.
- No relevant portion in the bank guarantee is left blank.
- All irrelevant portions struck off on the printed format should be authenticated by the bank by affixing the bank seal / stamp duly authorised.
- All handwritten corrections and blanks are attested by the bank by affixing the bank seal / stamp duly authorized.
- Each page of the bank guarantee should bear the bank guarantee number, issue date and should be signed by at least two authorised signatories of the bank.
- That the bank guarantee is free from any discrepancy before the same is submitted to ICCL.

Bank Guarantee in electronic form

The Clearing Members can also deposit the Bank Guarantees in electronic form in favour of ICCL towards their liquid assets. The process for issuance Bank Guarantees in electronic form would be as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit their request along with the required documents/information and complete the necessary formalities as may be required by the concerned banks for issuing Bank Guarantees towards Liquid Assets (Collateral) requirements for members of ICCL.
- If the documents are in order as per bank's requirements, then the Bank may issue the Bank Guarantee documents in favour of ICCL as per the existing process.
- Bank will update and confirm such Bank Guarantee information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of such Bank Guarantees would be same as that of the current process for the Bank Guarantee Release. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

Renewal of BGs

Participant may renew the BGs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – X. The renewal letter should be submitted along with a covering letter by the Participant in the prescribed format given in Annexure - XI.

Besides Cash, Bank Guarantees and Bank Fixed Deposit Receipts which members can deposit towards collateral (Liquid Assets) requirements for Securities Lending and Borrowing (SLB) Scheme, members can also deposit following types of collaterals:

Type of collateral (Liquid Assets)	Haircut	Concentration Limit
Cash Equivalent		
Units of liquid Mutual Fund (or) Govt. Sec. Mutual Fund (by whatever name called which invests in government securities)	10%	No limit
Government Securities and T-Bills	10%	No limit
Non – Cash Equivalent		
Liquid (Group-I) Equity Shares (as per the criteria for classification of scrips on the basis of liquidity). (Only A and B1 group securities)	VaR margin for the respective scrips	Limits specified for each scrip

2.3 Procedure for submission of release request of Liquid Assets

A Participant can place on-line requests through the ICCL collateral management module (collateral management module) provided to them, for release of Liquid Assets deposited by them, to the extent of the collateral not utilised/blocked towards margins and/or other obligations of the Participant. Such requests may be considered by ICCL, if ICCL chooses not to exercise its lien pursuant to the Rules, Byelaws and Regulations and subject to availability of collaterals after due adjustments of all obligations and liabilities arising out of or incidental to any transactions/deals made by the Participant as a clearing member and/or trading member.

Participants can log-in to the web-based collateral management module and submit their requests for release of available collaterals. The on-line release request received from the Participant through the collateral management module shall be treated as a request from the Participant and no separate letter would be required to be submitted for release request of Liquid Assets.

2.4 Transfer of collateral from SLBS Segment to another trading segment

A Participant who intends to transfer collateral to another segment in which it is a clearing member of ICCL, needs to send their online instruction in respect of the same through the collateral management module. Participants are able to log in through specific user-ids and passwords into the collateral management module.

Participants can avail online transfer of collateral to another segment in which it is a clearing member of ICCL, to the extent of the available amount of unutilised collateral (collateral which is not utilised/blocked towards margins and/or other obligations of the Participant). The transfer requests received from a Participant through the collateral management module shall be treated as request from the member and no separate letter would be required to be submitted.

In case of collateral lying in the form of bank guarantees, the same would be available for transfer by the Participant to another segment in which it is a clearing member of ICCL, only after submission of a letter to ICCL (format given in Annexure – XII) from the concerned bank.

The evaluation of collateral transfer across segments will be subject to the criteria/norms in respect of the concerned segments as specified by SEBI/BSE/ICCL in this regard from time to time.

Clearing members may verify the details of their request for transfer and its status in the collateral management module.

3. MARGINS

3.1 Margining Process

All Participants in the SLBS shall be margined based on their transactions in the said segment. ICCL would compute, collect and release various margins as detailed below:-

Lend transactions on T day

The lend transaction shall be levied a fixed percentage of the lending price as margin. The fixed percentage will be 25% (as currently applicable), or as may be specified by ICCL from time to time. No margins will be levied on the lender in case of early pay-in of securities.

The lend transaction shall also be subject to mark to market margin at end of

day. Borrow transactions on T day

The borrow transactions shall be levied a fixed percentage of lending fees as margins on T day. The fixed percentage shall be 100% or as may be specified by ICCL from time to time.

Margins on return leg of SLBS transaction

The borrower shall be levied following margins on return leg of their borrow transactions

- Value at Risk (VaR) margin
- Extreme Loss Margins (ELM)
- Mark to Market margins
- Lending price (i.e. value of shares borrowed)

No margins shall be levied on the lender Participant in the return leg transaction.

3.2 Computation and collection of margins on SLBS transactions

Lending Fees

The lending fees shall be based on the transaction rate and shall be collected on an upfront basis by adjusting the same against Liquid Assets of the Participant.

Lending Price

The lending price would be based on the previous day's closing price in Equity Cash Segment of BSE and would be collected by first adjusting the same from the available cash and cash equivalent component of the Liquid Assets and the balance in form of cash from the Participant through their Clearing Banks on the same day.

VaR Margin and ELM Margin

- VaR margin and ELM margin rates as applicable to the security in the Equity Cash segment of BSE at end of the day shall be applicable in the SLBS segment.
- The VaR margin shall be collected on an upfront basis by adjusting against the Liquid Assets of the Participant.
- The ELM margin shall be collected on T+1 on an upfront basis by adjusting against the Liquid Assets of the Participant.
- The VaR margin and ELM margin shall be collected on the gross open position of the Participant. The gross open position for this purpose would mean the gross of all positions across all the clients of a Participant including its proprietary position.
- The VaR and ELM margins so collected shall be released on completion of pay-in of the respective settlement.

Mark to Market Margin

- Mark to market margin shall be calculated, by marking each transaction in a security, to the closing price of the security, at the end of the day, in the Equity Cash segment of BSE. In case the security has not been traded on a particular day in the Equity Cash segment, the latest available closing price at the BSE shall be considered as the closing price.
- The mark to market margin (MTM) shall be collected every day at end of day on the gross open position of the Participant. The gross open position for this purpose would mean the gross of all positions across all the clients of the Participant including its proprietary position. For this purpose, the position of a client would be netted across its various securities and the positions of all the clients of a Participant would be grossed.
- Such MTM would be collected from the Participant in the evening, first by adjusting the same from the available cash and cash equivalent component of the Liquid Assets and the balance MTM in form of cash from the Participant through their clearing banks on the same day.
- There would be no netting off of the positions and setoff against MTM profits across two settlements. However, for computation of MTM profits/losses for the day, netting or setoff against MTM profits would be permitted.
- The MTM margin so collected shall be released on completion of pay-in of the respective settlement.

Participants may note that all end of day margin and other cash obligation need to be cleared by them before start of business on next transaction day, failing which no fresh transactions would be allowed to be executed in the order matching platform.

Margins pertaining to Custodial transactions

- In respect of transactions entered by a Participant which is to be settled by a Custodian, the margins from the time of transactions till confirmation of same by the Custodian shall be levied on the Participant. On confirmation of the said transactions by the Custodian, the Custodian shall be levied the margins applicable on such transactions.

- In case of rejection by the Custodian, the margins on the transaction rejected shall continue to be levied on the Participant.

3.3. Exemption from margins

The exemption from margins would be given in cases where early pay-in of securities is made. Participants have the facility to do early pay-in of securities prior / after execution of the transaction pertaining to the respective leg. For availing the facility of early pay-in of securities, Clearing Members are required to follow the early pay-in procedure as specified in Annexure – XIII.

3.4 Release of blocked margins, Lending Fees and Lending Price

The blocked margins, Lending Fees and Lending Price would be released on completion of pay-in of respective leg of transactions and on early pay-in / early return of shares.

3.5 Margins for Early Recall/ Early Repay transactions

- Exemption from margins shall be available in case where early pay-in of securities is made by the lender of securities.
- In case of early recall transactions the lending fee shall be levied as upfront margins.

3.6 Margin Shortfall

Participants shall maintain adequate liquid assets with ICCL at all points of time to cover their margin requirements. In case of shortfall in margin for borrower transactions, ICCL shall cancel the borrow transaction to the extent of margin shortfall as may be decided by it from time to time. The securities shall be returned to the lenders along with the lending fees.

4. CLEARING AND SETTLEMENT

The transactions executed in the SLBS segment shall be cleared and settled through ICCL as per the guidelines issued by Securities and Exchange Board of India (SEBI) and as per the provisions of Rules, Bye-Laws and Regulations of ICCL / BSE as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

The members need to participate in the settlement process as per the guidelines and settlement schedule prescribed by ICCL from time to time for settlement of trades entered by them.

Facility is also available for Custodial Participants to settle their trades through Custodian Members of ICCL. For this purpose, the Participants need to give-up the trades to the Custodian Members for confirmation within such time and through such facility as may be provided to from time to time by ICCL.

4.1 Settlement Schedule

The settlement schedule for SLBS segment shall be as under:

The transaction and settlement periods shall be specified by the relevant authority from time to time. The pay-in and pay-out of securities and funds pertaining to transactions done in SLBS segment would be effected in accordance with the settlement schedule issued by ICCL periodically. Participants should maintain clear balance of securities in their depository account and funds in their settlement account with the designated clearing bank towards their settlement pay-in obligation at the scheduled pay-in time on the settlement day.

The pay-out of demat securities shall be credited to the depository account as designated or specified by Participants to ICCL and the funds pay-out shall be credited to the receiving Participant's settlement account maintained with their designated clearing bank.

4.2 Settlement Process

The settlement of transactions done in the SLBS Segment will be done on a gross basis. i.e. there shall be no netting of transactions. ICCL shall generate the obligations of Participants based on the transactions executed by them on the order matching platform. The transactions done under SLBS segment shall be identified based on the market type as intimated by ICCL for the first leg and reverse leg settlements.

Following market types shall be used by Participants for giving instructions to the depositories for pay-in of the securities obligation in SLBS segment:

SLBS pay-in	Market Type
For first leg pay-in of securities (by lender)	SLBS
For return leg pay-in (return of borrowed securities by the borrower)	SLBS-R
For pay-in of securities in SLBS auction	Buy-in Auction

The transactions done in the SLBS segment across all series inter alia including first leg of the transaction and the early recall/repayment/reverse leg of transactions shall be settled on a T+1 basis. For a borrow transaction and early recall transaction the settlement obligation would be the lending fees for the concerned transaction and for the Lend transaction and early return transaction the settlement obligation would be the securities agreed to be lend/returned. In case of the reverse leg of the transaction, the settlement obligation shall be generated on the reverse leg settlement date of the respective series. All Participants are required to return the securities borrowed on completion of period

of lending. The securities shall be returned to the lender of the securities by ICCL. In case the borrower fails to return the securities, ICCL shall conduct an auction in respect of same. In exceptional circumstances resulting in non-availability of securities in auction, such transactions would be financially closed-out at appropriate rates.

The settlement calendar, providing the settlement schedule of the various settlement related activities, is drawn by ICCL in advance and circulated among the market Participants. The transactions done in SLBS segment shall be settled as per time lines specified by ICCL. The pay-in and pay-out of funds and securities shall be through the designated clearing bank account and securities settlement account respectively. In case of Participants who are Clearing Members of the ICCL – BSE Equity Cash Segment, the pay-in/pay-out of SLBS transactions shall be done through their clearing bank accounts and demat accounts used by them in the Equity Cash Segment.

For early return and early recall of securities, Participants need to follow the procedure as detailed in Annexure XIV.

A typical settlement cycle for a lending and borrowing transaction shall be as under:

Activities	Timings
Trade Day (T Day) – First Leg	
Securities Lending & Borrowing session	09:15 a.m. – 05:00 p.m.
6A-7A entries by members	By 5.30 p.m.
Confirmation of 6A-7A entries by Custodians	By 06:00 p.m.
Final obligation download to Participant	07:00 p.m.
T+1 day	
Pay-in of securities/funds – 1 st leg	9:00 am
Pay- out of securities/funds – 1 st leg	10:00 am
Securities return day-1 Day	
Final Obligation for Return Leg (along with the obligations of the First Leg of SLBS)	By 07.00 p.m.
Return Leg Day	
Pay-in of securities of return leg	9:00 am
Pay-out of securities/funds of return leg	10:00 am
Buy-in auction for failure of borrower to return securities	2:00 pm to 2:45 pm
Auction obligation to Participant	5:30 pm
Return Leg +1 day	
Pay-in of securities for auction settlement	8:30 am
Pay-out of securities/funds for auction settlement	10:00 am

4.3 Auto delivery facility for pay-in of demat securities

Participants can avail of the auto delivery facility for pay-in of demat securities whereby delivery instructions to the concerned depositories are automatically generated on behalf of the Participants for transfer of demat securities from their pool account/principal account maintained with the depositories. The auto delivery facility is available for First Leg, Return Leg and Auction settlements.

4.4 Settlement pay-in shortages

First Leg and Early Recall Settlement Pay-in shortages

In the event of fund shortages by the borrowers, ICCL shall cancel the SLBS transactions as per its decision and accordingly return the securities to the lenders alongwith the lending fees. In the event, the lender fails to deliver securities in the settlement, the transactions shall be closed-out at higher of the following rates or as may be decided by ICCL from time to time:

- 25% of closing price of the security on T+1 day (closing price for the security in the Equity Cash segment of BSE), or
- The highest rate of the security from the trading day to T+1 day minus T+1 day closing price of the security.

Reverse Leg Settlement pay-in shortages

In the event the borrower fails to return the securities, ICCL shall conduct a “Buy-in Auction”. In case of non-availability of securities in auction or when the auction offeror fails to deliver securities in part or in full on the auction pay-in day (stock return day + 1), then such transactions shall be closed out at 20% above the closing price of the security in the Equity Cash segment of BSE on the stock return day.

In case of shortages, ICCL may initiate various actions including withholding the securities / funds payout due to the Participant or any other action as may be decided by ICCL / BSE from time to time.

4.5 Direct pay-out of demat securities to clients’ beneficiary account

ICCL has provided a facility of direct pay-out of demat securities to clients’ demat accounts, whereby pay-out of demat securities of the Participants are directly released to their clients’ demat beneficiary accounts. For availing the said facility of direct pay-out of demat securities to the clients’ beneficiary account, the concerned Participants are required to upload the settlement-wise client- wise break up file to ICCL. Based on the details provided in the said uploaded file to ICCL, ICCL instructs the depositories, viz., Central Depository Services Ltd. (CDSL) and National Securities Depository Ltd. (NSDL) to credit the pay-out of securities to the Beneficiary Owners (BO) Accounts of the respective clients of the Participant.

4.6 Pay-out of securities in member’s pool account with selected depository

ICCL has provided a facility to Participants to receive their demat securities pay-out in their pool account with selected depository. Accordingly, Participants can receive pay-out of demat securities in their specified pool account in either of the depositories, viz, NSDL or CDSL.

4.7 Operation of Clearing Bank Settlement Account

Participants shall irrevocably authorise their designated clearing banks to access their settlement accounts for debiting and crediting their settlement accounts as per the instructions of ICCL, reporting of balances and other information as may be required by ICCL from time to time.

SLBS participants shall maintain clear balance of funds in their settlement accounts with their designated clearing banks towards their funds obligation/s to ICCL. Participants shall not seek to close or deactivate the settlement accounts without the prior written consent of ICCL.

The clearing banks shall debit/credit the settlement accounts of Participants as per instructions received by them from ICCL from time to time. Any request from the Participants for revoking the authorisation furnished by them shall not be considered by the clearing banks. The clearing banks shall not close the settlement accounts or permit deactivation of the same without the prior written consent of ICCL.

4.8 Transactions cleared and settled by Custodians

Participants can give-up their Custodial Participants transaction to the Custodians for confirmation through the give-up/take-up module up to the specified time on the lending/borrowing day (T day). The Custodians will be required to confirm such given up entries within the specified time on the same day and are required to have sufficient collateral deposits for meeting their obligations and liabilities at the time of confirmation of trade. The collateral deposits should be done in favour of ICCL and can be by way of cash and cash equivalent or such other form as may be specified by ICCL from time to time. The pay-in and pay-out of funds and securities shall be through the designated clearing bank account and securities settlement account respectively. The Custodians need to maintain the depository accounts with both the depositories i.e., CDSL and NSDL. The Custodians shall be required to adhere to the settlement schedule as may be specified by ICCL from time to time and shall be bound by the ICCL Rules, Regulations, Bye-laws as amended from time to time, as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

4.9 Procedure for change in designated Clearing Bank

In case a Participants (other than Participants who are clearing members of the ICCL – BSE Equity Cash Segment) wishes to shift their settlement account from one designated clearing bank to another, the following procedure shall be followed:

1. The Participant shall submit their request letter (on their letterhead) to ICCL regarding their intent to shift their settlement account from one designated clearing bank to another as per the format enclosed as Annexure – XV.
2. On completion of the necessary formalities, ICCL will inform the Participant in writing about the date from which they can start their clearing and settlement operations from new designated clearing bank. However, till such time, ICCL will continue to debit /credit the Participant's existing clearing bank account.

5. ADJUSTMENTS FOR CORPORATE ACTIONS

ICCL shall follow the below mentioned procedure in respect to adjustments for the corporate actions declared by the company during the tenure of securities lending and borrowing period.

Dividend

On the book closure / record date declared by the company, the dividend amount shall be collected from the borrower and paid to the lender on the same or subsequent working day. In case where the borrower has done early return of securities and the same are lying in the depository account of ICCL, the dividend amount shall be initially collected from the borrower and paid to the lender. ICCL shall return back the dividend amount to the borrower on receipt of the said dividend amount from the company.

Stock split

In case of stock splits declared by the company, ICCL shall proportionately adjust the open borrow/lend positions of the Participants. As such the lender shall receive the revised quantity of shares at the time of settlement of reverse leg transaction.

Other corporate actions

In case of other corporate actions declared by the company viz, for bonus / merger/ amalgamation etc., the existing SLBS transactions shall be foreclosed two working days prior to the ex-date. Accordingly, the lending fees pertaining to the balance period of the contract shall be collected from the Lender on a pro rata basis based on the original lending fees received by them. ICCL shall pass on the pro rata lending amount received from the lender to the concerned borrower.

Shut Period

For all corporate actions declared on the eligible SLBS securities, ICCL shall intimate the shut period from time to time.

6. POSITION LIMITS ON SLBS TRANSACTIONS

The transactions done in SLBS segment shall be subject to position limits as may be specified by SEBI, ICCL and/or BSE from time to time. ICCL shall monitor the position limits of the Participants from time to time and in case of any violations necessary action shall be taken on such Participants. At the end of every month, ICCL shall specify the market wide position limit, Participant wise position limit and client-wise position limit and these limits shall be reckoned with for the next month. Violation of such limits shall attract action as specified by ICCL from time to time.

Market Wide Position Limits for SLBS transactions:

The market wide position limits in terms of the number of shares for SLBS transactions shall be 10% of the free-float capital of the company i.e. 10% of the number of shares held by non-promoters in the relevant security.

Participant wise Position Limits for SLBS transactions:

The Participant position limits for SLBS transactions in a security shall be lower of :-

- (a) 10% of the market-wide position limits (in terms of number of shares) or
- (b) Rs. 50 crores in value.

Client Level Position Limits

The specific client level position limits for a security shall not be more than 1% of the market-wide position limits.

Position Limits For Institutional Investor

Position limits for SLBS transactions in a security shall be lower of :-

- (a) 10% of the market-wide position limits (in terms of number of shares) or
- (b) Rs. 50 crores in value.

Following are defined as institutional investors :

- i. Foreign Institutional Investors registered with SEBI.
- ii. Mutual Funds registered with SEBI.
- iii. Public Financial Institutions as defined under Section 4A of the Companies Act, 1956.
- iv. Banks, i.e., a banking company as defined under Section 5(1) (c) of the Banking Regulations Act, 1949.
- i. Insurance companies registered with IRDA.

Client Level Position Limits

The client level position limits for a security for each specific client shall not be more than 1% of the market-wide position limits.

ICCL shall specify the client wise position limits on the last working day of the month which shall be reckoned for this purpose during the next month.

Position Limit communication to Market

Position Limits applicable for the next month are computed and informed to market participants on the last trading day of the month.

7. ROLL-OVER ON SLBS TRANSACTIONS

Roll over facility is available to those Members who have existing borrow or lend position in that contract. Roll-over is available for a period of 3 months i.e. the original contract plus 2 rollover contracts.

For example: A member having position of lend in the month of October, 2015 can roll over his position for the new roll-over contract of October/November 2015 or October/December 2015.

Facility for Early Recall and Early Return is available for roll over contract for both lend and borrow positions.

Placing of Rollover Orders on the SLB platform:

- A provision of auto download facility is provided to members on BOLTPPLUS on WEB.
- Rollover option is available in the existing trade window, wherein Order window is displayed for Members to select their existing positions which is desired to be rolled over.
- Early Recall/Early Return orders can be placed up to the extent of available positions. It may be noted that the Early Return orders can be placed to the extent of Early pay-in of securities delivered.

Margins for rollover position is as per the existing norms of margins as applicable on SLB positions shall be applicable on the rolled over positions.

Additional file for rolled over position:

An additional trade file, 'TRADE_NEW_Member Code_yyyymmdd.dat', for the rollover contracts entered into by members shall be provided, the format of which is provided as Annexure - XVI.

Settlement

- Netting of counter positions, i.e. netting between the 'borrowed' and 'lent' positions of a client will not be permitted.
- The fund obligations shall be settled on T+1 as per existing process, in settlement type 'SLB' (First leg) and respective settlement number, as communicated in the settlement calendar.
- The reverse leg obligation to the borrower for a rolled over contract shall be generated one day prior to the settlement pay-in day, as generated presently for the reverse leg transaction of any normal SLB contract.

8. ANNEXURES

Annexure - I

1 Securities Lending and Borrowing Agreement

1.1

This Agreement is made and executed at Mumbai on this day of 20....

Between:

Indian Clearing Corporation Ltd., a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at BSE Ltd, 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 (hereinafter referred to as “ICCL ”) which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the One Part;

1.2 And

Mr./Ms./M/s. _____, an individual/ a proprietary concern/ a partnership firm / a body corporate, registered/ incorporated under the provisions of Indian Partnership Act, 1932, Companies Act, 1956, having his/her/its office/registered office at _____

_____ (hereinafter referred to as “SLBS Member”, which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors and administrators/ the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and assigns, as the case may be) of the Other Part.

ICCL and SLBS Member shall hereinafter be jointly referred to as the “Parties” and severally as the “Party.

WHEREAS:

- i) The Securities and Exchange Board of India (“SEBI”) has formulated and issued the Securities Lending Scheme, 1997 vide its circular no. SMD/Policy/SL/CIR-09/97 dated May 7, 1997 and circular no MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December, 2007 (“Securities Lending Scheme”), which governs securities lending and borrowing activities in the Indian capital market and provides for lending and borrowing of securities through an “Approved Intermediary” or “AI” registered with SEBI.
- ii) ICCL is registered as an approved intermediary (IA) under the SEBI Scheme and is, therefore, authorized to facilitate lending and borrowing of securities in accordance with the SEBI Scheme and Circulars of SEBI from time to time. Accordingly, the AI has framed the Securities lending and Borrowing Scheme (herein referred to as “SLBS”) for facilitating lending and borrowing of securities through persons registered as “SLBS Member”
- iii) Under the said SEBI Circular, there would be one master agreement with two individual parts. The first Part of the agreement would be between the AI and the second part of **Rights and Obligations of Clearing Member and Client under Securities Lending and Borrowing Scheme Segment** would be between the SLBS members and the Clients. In terms of the Securities Lending Scheme, every SLBS Member desirous of engaging in the business of securities lending and borrowing on its own account and/or on behalf of its clients is required to enter into an agreement with AI in the prescribed form.

- iv) The AIs shall frame a rights and obligations document laying down the rights and obligation of CMs and clients for the purpose of lending and borrowing of securities. The rights and obligation document shall be mandatory and binding on the CMs and the clients for executing trade in the SLBS framework.
- v) The SLBS Member has accordingly approached ICCL for availing of the SLBS Business extended by ICCL as an AI.
- vi) ICCL has agreed to extend its SLBS Business to the SLBS Member on the terms and conditions hereinafter recorded.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

1 LEGAL FRAMEWORK

1.1 Securities Lending and borrowing shall be facilitated by the AI in accordance with the provisions of the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued thereunder by the AI and the Rules, Byelaws and Regulations of the AI as a Clearing Corporation as applicable.

1.2 Unless the context otherwise requires, the words and expressions used herein shall have the same meaning as defined in the Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or Securities Lending Scheme or the Depositories Act, 1996 or the rules and regulations made there under respectively, or notices, directions, orders and Circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations.

The provisions of the Securities Lending Scheme and the Circulars issued by the SEBI from time to time and Rules, Bye-laws and Regulations and/or notices, circulars, guidelines of ICCL and/or of BSE shall be deemed to be an integral part of this agreement and all the transactions under the SLBS Business, shall be strictly in accordance therewith. In the event of any conflict or contradiction between the provisions of the Securities Lending Scheme, circulars, notices, directions, orders, Rules, Bye-laws and Regulations of ICCL and/or of the BSE, and this Agreement, the provisions of the Securities Lending Scheme (or any amendments thereto or any clarification thereof) the statute, rules, regulations, bye-laws or scheme occurring sequentially earlier in the above list shall prevail over the one occurring sequentially subsequent thereto over this Agreement.

1.3 The provisions of these presents shall form part and parcel of 'Rights and Obligations' document. A certified true copy of these presents shall be annexed to 'Rights and Obligations'

1.4 The provisions of this agreement shall become applicable to the SLBS or such other scheme as may be framed for securities lending and borrowing by the AI with the prior approval of SEBI or as may be permitted by SEBI unless otherwise specified by AI.

1.5 Master Agreement

- 1. There shall be one Master Agreement with two individual parts viz. Part A and Part B.
- 2. This agreement constitutes Part A and the Rights and Obligations of Clearing Member and Client under Securities Lending and Borrowing Scheme Segment constitutes Part B.
- 3. The format of Part B as prescribed by the AI is annexed to this agreement

4. The provisions of this agreement shall form part and parcel of Part B. A certified true copy of Part A shall be annexed to Part B
5. Under the SLBS Business, the agreement is only between the SLBS Member and AI and there is no privity of contract between the SLBS Members inter-se. Similarly, there is no privity of contract between Clients inter-se

1.6 The provisions of this agreement shall become applicable to the SLBS Scheme or such other scheme as may be framed for securities lending and borrowing by the AI.

2. ELIGIBILITY CRITERIA

2.1 SLBS Members signing this Agreement with the AI can participate in the SLBS Business.

2.2 The following persons shall be eligible to be registered as SLBS Members:-

2.2.1 Person admitted as Clearing Members by the AI as a Clearing Corporation .

2.2.2 Persons who are not prohibited from participating in SLBS Business under Clause 7 of these presents.

2.2.3 Such other persons as may be specified by the AI from time to time.

2.3 The Participant shall be eligible to participate in the SLBS subject to fulfillment of such eligibility criteria..

2.4. The SLBS member shall fulfill such conditions as may be prescribed by the AI from time to time.

1. Without prejudice to the generality of the above clause, all SLBS members shall maintain a minimum deposit as prescribed by the AI from time to time which shall be used towards meeting the obligations and liabilities of the SLBS member arising by virtue of its member in the SLBS

2.5 Person who is registered as SLBS Member is entitled to apply for de-registration and the AI may, subject to such terms and conditions as it may prescribe, de-register the SLBS Member.

2.6 The SLBS Member shall at all times satisfy the requirements as informed by AI from time to time.

2.7 A person shall cease to be SLBS Member under such circumstances as may be specified by AI from time to time.

3. ELIGIBLE SECURITIES

Lending and borrowing shall be permitted only in securities as specified by SEBI ICCL / BSE from time to time.

4. Condition precedent for execution of clients orders

Prior to undertaking lending or borrowing of securities on account of the Clients, the SLBS Member shall provide the 'Rights and Obligations' document to the Clients and

fulfill such other conditions as may be prescribed under the Securities Lending Scheme and circulars issued thereunder.

5. TENURE OF LENDING / BORROWING

The tenure of lending and borrowing of securities shall be specified in the circulars/ notices. Such tenure shall be liable to change from time to time as determined by SEBI and /or ICCL after giving due notice to the SLBS Member.

6. SETTLEMENT AND RISK MANAGEMENT

- 6.1 The SLBS Member and the Client shall be bound by the settlement schedule as prescribed by the AI from time to time and transactions shall be settled in such manner as specified by the AI from time to time.
- 6.2 The SLBS Member and the Client shall not have any right to recall of securities outside the lending and borrowing schedule as prescribed by the AI from time to time.
- 6.3 The transactions under SLBS Business shall be subject to such margins and position limits as may be specified by the AI from time to time.
- 6.4 Failure to deliver funds and / or securities shall be subject to auction and / or close-out at rates declared by the AI.
- 6.5 The Rules, Bye-laws and Regulations and circulars/ notices issued by ICCL/BSE shall apply to the SLBS Business to the extent applicable.

7. PROHIBITION FROM PARTICIPATING IN SLBS BUSINESS

- 7.1 The SLBS Member shall be prohibited from participating in the SLBS business under the following circumstances:-
 - 7.1.1 If the SLBS Member has been suspended or expelled by the stock exchange or the clearing corporation of which it is a member or if the trading/clearing facility of the SLBS Member is withdrawn by the stock exchange/clearing corporation, as the case may be;
 - 7.1.2 If the SLBS Member has been suspended or expelled by the stock exchange/clearing corporation of which it is a member;
 - 7.1.3 If the SLBS Member has surrendered its membership of the stock exchange or the clearing corporation of which it is a member.
 - 7.1.4 If the SLBS Member has been declared a defaulter by the stock exchange or the clearing corporation;
 - 7.1.5 If any legal proceeding is commenced against the SLBS Member or by the SLBS Member for seeking declaration of insolvency of SLBS Member, winding up, dissolution, merger, amalgamation or other relief with respect to it or its debts or other relief under any law for the time being in force for seeking the appointment of a trustee, receiver, liquidator, Custodian or other similar official for any substantial part of its property, or any order is passed against the SLBS Member under any bankruptcy, composition, insolvency or under any other similar proceedings for the time being in force. Where the SLBS Member is a bank, in addition to the foregoing, any comparable event occurs, or any supervisory authority of the bank commences

any proceeding or seeks or orders any comparable relief or takes any comparable action;

7.1.6 If the SLBS Member consents to any relief under above clause or to the appointment of or taking possession by any official under above clause in any case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or takes any action in furtherance of any of the foregoing, or, in addition to the foregoing, where the SLBS Member is a bank, any comparable event occurs or the SLBS Member takes any comparable action (including any request for relief from any supervisory authority).

7.2 Any person who is barred by SEBI from accessing the Capital Market shall be prohibited from participating in the SLBS during the barred period.

7.3 A SLBS Member may be prohibited from participating in the SLBS Business under such other circumstances as may be specified by AI from time to time.

8. CONSIDERATION

8.1 In consideration of the ICCL providing the full-fledged securities lending and borrowing scheme under the Securities Lending Scheme, ICCL shall be entitled for such fees/charges/levies/penalties and/or any other charges whether statutory or otherwise as prescribed in Rules, Bye-laws and Regulations and the notices/circulars issued by ICCL/BSE from time to time, as the case may be.

9. RIGHTS OF ICCL

9.1 Liquidation of Collateral

ICCL is authorized by SLBS Member, to liquidate, in its sole discretion, the assets deposited by the SLBS Member as collateral or towards margins in the event of his /their failure to meet the obligations, in any manner prescribed by notices/directions/instructions, orders and circulars issued by ICCL and/or BSE from time to time or the Rules, Bye-laws and Regulations of ICCL/BSE in this regard.

9.2 Fees and Charges

9.2.1 ICCL shall be entitled for the fees, charges, taxes, duties, regulatory levies, expenses and reimbursements etc. whether statutory or otherwise as may be specified by ICCL/BSE from time to time and the same shall be subject to change at the sole discretion of ICCL/BSE.

9.2.2 Under the instructions and/or direction of ICCL, the SLBS member shall pay to BSE such fees, charges, taxes, duties, regulatory levies, expenses and reimbursements as may be specified by ICCL/BSE from time to time for the services provided under SLBS Business.

9.3 Cancellation of Transactions

Notwithstanding anything contained in the Master Agreement, ICCL shall be entitled to cancel the transactions under SLBS, either on an application by the Participant or suo moto or under the regulatory guidelines and all such SLBS transactions shall ipso facto stand cancelled and in

such event neither ICCL nor the SLBS member shall be liable to compensate the client for any loss (including any opportunity loss) arising out of such cancellation.

9.4 Discontinuation of SLBS Business

The ICCL shall be entitled to discontinue SLBS Business or the participation of the SLBS member in SLBS Business at any time at its discretion. Such discontinuation may be subject to such terms and conditions as ICCL may specify from time to time.

9.5 Withdrawal of Access

Notwithstanding any other provisions of this agreement, the ICCL has the right to withdraw the access of the SLBS Member to the order matching platform of SLBS Business of the AI for breach of the terms and conditions of Master Agreement or the Securities Lending Scheme or the circulars issued thereunder, or if it is detrimental to the interest of the AI and / or under regulatory directions (including directions from SEBI) without terminating this agreement. Such a withdrawal of access shall be without any notice and shall be for such period as may be determined by the AI.

9.6 Close-out of transactions

The AI has a right to financially close-out such transactions at appropriate rates so as to act as a sufficient deterrent against failure to deliver securities.

9.7 Imposition of Penalties or Fines

The AI has a right to impose penalties or fines or such other charges on the SLBS Members for violation of the requirements under SLBS Business and circulars issued thereunder from time to time.

9.8 Amendment

The ICCL has a right to add, modify or amend any part of this agreement by way of circulars and notices. Such circular and notices shall be deemed to be part of this agreement.

10. OBLIGATIONS OF ICCL

10.1 To Abide By Law

ICCL shall abide by the Securities Lending Scheme and the guidelines, circulars issued by SEBI from time to time with regard to SLBS Business.

10.2 Provision of Order Matching SLBS Trading Platform

ICCL shall provide automated, screen-based, order matching trading platform for SLBS Business and clearing and settlement facility to the SLBS Members for execution/settlement of lending and borrowing of securities.

10.3 To Guarantee Settlement Obligations

ICCL shall guarantee the settlement obligations of all the SLBS transactions executed on SLBS Business by the SLBS Member in the manner specified by Securities Lending Scheme and/or ICCL and /or SEBI and/or BSE from time to time.

10.4 Books of Accounts and Inspection

The ICCL shall maintain and make available to SEBI such information, books of accounts, documents, return and reports as may be specified by SEBI from time to time.

1.2.1.1.1 **10.5 Payment of Fees etc. to BSE Ltd. (BSE)**

In the event SLBS member is paying such fees, charges, taxes, duties, regulatory levies, expenses and reimbursements as specified in this agreement to the BSE, ICCL has no objection to it and it is acceptable to ICCL subject to SLBS Member showing the necessary receipts, which has been issued by BSE for such payments.

10.6 Dissemination of Information

The circulars, notices, guidelines or any other information flowing from ICCL to its SLBS Member shall be communicated and disseminated through BSE's system.

11. OBLIGATIONS OF THE SLBS MEMBER

11.1 Compliance with KYC Norms

The SLBS Member shall comply with the "Know Your Client" norms specified by the SEBI and/or ICCL from time to time. It shall obtain a copy of the Permanent Account Number (PAN) issued by the Income Tax Department from each client and do the verification of the PAN with the original PAN. The SLBS Member shall collect, maintain and produce the required details of his client from time to time before the relevant authorities as and when required.

11.2 Issue of Confirmation Memo

The SLBS Member shall upon execution of client's transactions on SLBS trading platform, issue confirmation memo or any such other document to the client within such time as may be prescribed by ICCL from time to time.

11.3 Securities Lent to be Unencumbered

The SLBS Member shall warrant that the securities lent are free from any lien, charge, pledge or any encumbrances of whatsoever nature. In the event the SLBS Member is unable to lend the securities, such default shall be dealt with in accordance with the provisions of the notices, directions, orders and circulars issued by SEBI and/or ICCL and/or BSE from time to time or the Rules, Bye-laws and Regulations.

11.4 Collateral

11.4.1 The SLBS Member shall deposit the required collateral with ICCL/BSE free from defect in title or encumbrances in the form of cash, bank guarantee, government securities or fixed deposit receipts of bank(s) or other securities as may be specified by ICCL/BSE from time to time. If any defect in title or encumbrance/s over the collateral (securities) deposited with ICCL/BSE is found subsequently, such collateral shall be immediately replaced by the SLBS member.

11.4.2 The SLBS Member shall replenish any shortfall in the value of the collateral as may be required, within the time frame that may be specified by ICCL/BSE, from time to time.

11.5 Exposure / Positions Limits

The SLBS Member agrees to abide by the exposure/position limits, if any, set by the SEBI or ICCL/BSE from time to time

11.6 Default and Consequences of Default

If the SLBS Member fails to meet his obligations (funds and/or securities) or margin requirements arising from time to time, the SLBS Member shall be deemed to be a defaulter for this purpose and ICCL/BSE shall, in addition to such recourse as may be available to ICCL/BSE under the relevant notices, directions, orders and circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations, have the right to liquidate the collateral and margin deposited by the SLBS Member in order to close the settlement of SLBS transactions to fulfill his/ their obligations as specified by the Securities Lending Scheme or notices, directions, orders and circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations. Any losses suffered by ICCL/BSE in meeting the said obligations shall be recovered from the SLBS Member through such mode as may be prescribed under the notices, directions, orders and circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations. Without prejudice to the foregoing, in the event of a SLBS Member being declared a defaulter, ICCL/BSE shall, in addition to taking such steps as may be necessary for recovery of the loss suffered by it, be entitled to take appropriate disciplinary action against the defaulter SLBS Member as may be permissible under its notices, directions, orders and circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations.

11.7 Settlement Procedure

The SLBS Member shall be bound by the Clearing and settlement procedures prescribed by AI from time to time. Such procedures shall include deposit of collateral and replenishment of the collateral from time to time, close-out of transactions upon failure of the SLBS member to meet its obligations.

11.8 Return of Securities

The SLBS Member shall return the equivalent number of the securities of the same type and class borrowed by it along with corporate benefits, if any, within the time specified by the AI in the Circulars issued from time to time.

11.9 Books of Accounts and Inspection

The SLBS Member shall maintain and make available for inspection such books of accounts, documents, information, and reports as may be specified by AI and Securities Lending Scheme from time to time and extend co-operation to AI.

11.10 Code of Conduct

SLBS Member shall abide by the Code of Conduct as may be prescribed by SEBI or ICCL/BSE from time to time.

11.11 Payment of Fees and Charges

SLBS Members shall be liable to pay such fees, transaction charges, taxes, duties, regulatory levies, expenses, reimbursements or such other charges, whether statutory or otherwise, as may be specified by the AI from time to time. Unless otherwise specified, amounts so payable by

the SLBS Members may be debited from the SLBS Member's relevant designated bank account. In case of debit, if the amount standing to the credit of such designated bank account is insufficient, the SLBS Member shall remain liable to the AI for any such deficiency.

12. RIGHTS OF THE SLBS MEMBER

12.1 Participation in SLBS Business

The SLBS Member shall be entitled to carry on the business of lending and borrowing on its own account or on account of any of its clients subject to fulfillment of the required norms specified by AI.

12.2 The SLBS Member, as a borrower, shall be entitled to receive securities or financial compensation in lieu thereof, calculated in such manner as may be specified by AI from time to time. Where the SLBS Member, deposits securities approved by the AI as collateral, the SLBS Member shall be entitled to receive from the AI such collateral.

12.3 The SLBS Member, as a lender, shall be entitled to receive the securities lent or financial compensation in lieu thereof, calculated in such manner as may be specified by AI from time to time.

12.4 The SLBS Member, as a lender, shall be entitled to receive lender's fee for the securities lent.

12.5 General Rights

Notwithstanding any other provisions of this Agreement and 'Rights and Obligations' document, the SLBS Member shall be entitled to have all the rights that are conferred on him from time to time by Securities Lending Scheme, circulars, notices, orders, directions issued by SEBI/ICCL/BSE from time to time and the Rules, Bye-laws, and Regulations.

13. INDEMNITY

13.1 The SLBS Member shall, at its own cost and expense, indemnify, defend or at its option settle and hold ICCL/BSE free and harmless from and against including but not limited to any and all losses, liabilities, claims, actions, costs and expenses, including reasonable attorneys' fees and court costs, relating to, resulting from or in any way arising out of :-

13.1.1 Breach or material breach of any of The SLBS Member's representations, warranties or obligations contained herein including loss or damage arising out of willful misconduct or negligence.

13.1.2 Any action of the SLBS Member not authorized or permitted under this Agreement.

13.1.3 Any claim, suit or proceeding brought against ICCL/BSE for any harm, loss or injury suffered by any Third Party in respect of the Agreement.

14. DURATION AND TERMINATION

14.1 This agreement shall remain in force unless terminated by ICCL.

14.2 The AI can terminate this agreement at any time without giving any reason or notice to the SLBS Member. Such termination shall, however, not affect the liabilities/obligations of either party arising out of the transactions under SLBS Business entered into prior to the date of the notice of termination.

15. CONSEQUENCES OF TERMINATION

- 15.1 The SLBS Member shall forthwith cease to use the online SLBS trading platform on termination of this Agreement.
- 15.2 The SLBS Member shall not enter into SLBS Business under the Securities Lending Scheme with any of its client or other third party after termination of this Agreement.
- 15.3 Notwithstanding the Termination of this Agreement the provisions in Clauses 9, 11.6, 13, 15, 17 and 19 shall survive the termination of this Agreement.

16. DISCLAIMER

- 16.1 ICCL's obligation shall be limited to providing a platform for lending and borrowing of securities, and nothing herein contained shall constitute an obligation on the part of ICCL to ensure that any particular security or any type or quantity of securities is available for lending or borrowing by SLBS Members.
- 16.2 Nothing herein contained shall exempt ICCL from discharging any obligations imposed on ICCL by any law, regulations and guidelines.

0. GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall, in all respects, be governed by and construed in all respects in accordance with the laws of India.
- 17.2 In relation to any legal action or proceedings to enforce this Agreement, the Parties irrevocably submit to the exclusive jurisdiction of the courts of Mumbai, India and waive any objection to such proceedings on grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum.

6. GENERAL

18.1 No Waiver

Save and except as expressly provided in this Agreement, no exercise, or failure to exercise, or delay in exercising any right, power or remedy vested in this Agreement shall constitute a waiver by that Party of that or any other right, remedy or power.

18.2 Assignment

The SLBS Member shall not assign this Agreement or any part thereof or any benefit or interest therein. The ICCL shall have the right to assign this Agreement or any part thereof or any benefit or interest therein in favour of any its successors and / or assigns. In the event of any such assignment, the rights and obligations of the party under this Agreement shall stand transferred in the name of such successors or assigns.

18.3 Authorization

This Agreement shall not be binding upon ICCL or the SLBS Member unless executed by an authorized officer of ICCL or the SLBS Member (as applicable). ICCL and the SLBS Member, and the persons executing this Agreement on this behalf, represent that the persons executing this Agreement have been and are duly authorized by all necessary and appropriate corporate

or other action to execute this Agreement on behalf of ICCL and the SLBS Member, respectively.

18.4 **Effective Date**

This Agreement shall be effective as of the date first set forth above once executed by or on behalf of both Parties and with immediate effect the SLBS Member shall be eligible to participate in the SLBS Business under the Securities Lending Scheme, subject to fulfillment of the provisions and stipulations of the notices, directions, orders and Circulars issued by SEBI and/or ICCL and/or BSE or the Rules, Bye-laws and Regulations of BSE.

18.5 **Headings**

The headings of the clauses are used for the purpose of convenience only and shall not affect the construction of the clauses or this Agreement.

18.6 **Stamp Duty**

Stamp duty, if any, applicable / payable on this Agreement, shall be borne by the SLBS member.

19. NOTICES

19.1. Any communication sent by the AI to the Participant shall be deemed to have been properly delivered or served, if the same is sent to the ordinary business address and/ or ordinary place of residence and / or last known address of the Participant, in any one or more of following ways:-

- a) by post;
- b) by registered post;
- c) under certificate of posting
- d) by speed post/courier;
- e) by telegram;
- f) by affixing it on the door at the last known business or residential address;
- g) by oral communication to the SLBS member in the presence of a third person;
- h) by advertising it in at least one prominent daily newspaper having circulation in the area where the last known business of the SLBS member is situated;
- i) by sending a message through the Order Matching System;
- j) by electronic mail or fax;
- k) by hand delivery.

19.2 Any communication sent by the SLBS member to the AI shall be made in any one or more of the following ways:-

- a) by post (registered or speed) or courier;
- b) by telegram
- c) by electronic mail or fax;

d) by hand delivery.

To ICCL at:

Address

Indian Clearing Corporation Ltd.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

Fax

+91 22 2272 3130/3035

To the SLBS Member at:

Mr.

Fax

Email:

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first above written.

Signed and delivered for and on behalf
of Indian Clearing Corporation Ltd.
Member) (ICCL)

Signed and delivered for and on behalf
Of (the SLBS

Authorised Signatory

Authorised Signatory

In the presence of

In the presence of

1.

1.

2.

2.

Annexure – II

Rights and Obligations of Clearing Member and Client under Securities Lending and Borrowing Scheme Segment

The Securities and Exchange Board of India (hereinafter referred to as "SEBI") has formulated and issued the Securities Lending Scheme, 1997 (hereinafter referred to as "SEBI Scheme") and SEBI Circular No MRD/DoP/SE/Dep/Cir-14/2007 dated 20th December 2007 and SEBI circular no. CIR/MRD/DP/19/2014 dated June 3, 2014 for facilitating lending and borrowing of securities through a Clearing Member registered with SEBI.

Obligations on Clearing Member

1. Before entering into an arrangement with a Client under SLBS, The Clearing Member shall inform the Client that it has entered into an agreement with the Clearing Corporation and it has been admitted as Participant of Clearing Corporation to facilitate lending and borrowing of securities.
2. The Clearing Member has made the Client aware of and the Client has understood the precise nature of the Clearing Member's liability under SLBS including any limitations, the liability and the capacity in which the Clearing Member acts.
3. Clearing Member and the Client shall be bound by scheme and circulars issued by SEBI from time to time, scheme/circulars issued by clearing corporation/stock exchange, and/or the Rules, Byelaws, Regulations of the stock exchange and or clearing corporation as applicable and as in force from time to time.
4. **ISSUE OF CONFIRMATION MEMO:-** The Clearing Member shall, upon execution of the Client's transaction on the order matching platform of the Clearing Corporation, issue the confirmation memo in the specified format or such other documents to the Client within such time as may be prescribed by the Clearing Corporation from time to time.
5. **MONEY ! SECURITIES TO BE KEPT IN SEPARATE BANK ! DEMAT ACCOUNT :-** The Clearing Member shall keep the money / securities deposited by the Client in a separate bank account / settlement demat account, distinct from its own account or accounts of any other Clients, and shall not be used by the Clearing Member for itself or for any other Clients or for any purpose other than the purposes mentioned in the scheme/circulars issued by SEBI, Rules, Bye-laws and Regulations of clearing corporation/stock exchange, as may be applicable and circulars issued by clearing corporation/stock exchange there under from time to time.
6. **UPDATE ON SETTLEMENT PROCESS:-** The Clearing Member shall inform and keep the Client apprised about securities lending and borrowing settlement cycles, delivery/payment schedules and any changes therein from time to time.
7. **COMPLIANCE WITH KYC NORMS :-** The Clearing Member undertakes to maintain the "Know Your Client" details of the Client as mentioned in the Client Registration Form or any other information pertaining to the Client in confidence and that it shall not disclose the same to any person / authority except to the Clearing Corporation or as required under any law / regulatory requirements or in compliance with any decree, order or direction of any Court, Tribunal, SEBI or other authority duly empowered in law; provided however that the Clearing

Member may so disclose information about its Client to any person or authority with the express permission of the Client.

8. RETURN OF SECURITIES AND LENDING FEES TO CLIENT AS A LENDER:-

Where the Client is a lender unless otherwise agreed upon between the Clearing Member and the Client, the Clearing Member shall ensure the return of securities to the Client by transferring the same to the Client's account within such time as may be prescribed by the Clearing Corporation. The Clearing Member shall ensure the return of the lending fees to the Client within such time as may be prescribed by the Clearing Corporation.

DELIVERY OF SECURITIES TO CLIENT AS A BORROWER:- Where the Client is the borrower unless otherwise agreed upon between the Clearing Member and the Client, the Client shall be entitled to receive securities borrowed or financial compensation in lieu thereof, computed in such manner as may be specified by the Clearing Corporation from time to time. The Client shall be entitled to receive from the Participant, the collateral in case the Client has deposited securities approved by the AI as collateral. Notwithstanding any other provisions of the agreement between the Clearing Corporation and Clearing Member, the Client shall be entitled to have all the rights that are conferred on it from time to time under the SEBI Scheme, Circulars issued by SEBI, SLBS and the Circulars issued there under by Clearing Corporation.

9. ABIDE BY LAW & ACQUAINTANCE TO LAW:- The Clearing Member declares that it has brought the contents of the SEBI Scheme, circulars of SEBI, SLBS and the Circulars issued there under from time to time, and the terms and conditions of the agreement between the Clearing Corporation and Clearing Member to the notice of the Client and the Client agrees to comply with and adhere to the same.

10. PROCESSING CHARGES:- The Clearing Member agrees that it shall not charge processing charges / fees beyond the maximum limit permissible under the SEBI Scheme, Circulars of SEBI, SLBS and the Circulars issued there under from time to time.

Right of Clearing Member

- 1. CONSIDERATION:-** The Clearing Member is entitled for charges, fees, other levies and /or any such other charges, subject to such limits as may be permitted by the Clearing Corporation in its circulars from time to time.
- 2. MARGINS:-** The Clearing Member is empowered to call upon the Client to pay such margins as may be specified by the Clearing Corporation from time to time.
- 3. RECOVERY :-** The Clearing Member shall be entitled to recover from the Client the loss or charges, fees, other levies and /or any such other charges that has been paid by the Participant to the Clearing Corporation or imposed by the Clearing Corporation on account of its Client arising out of default or transactions under the SLBS whether current or past that are effected by the Client in meeting its obligations by adjusting margins and other deposits, if any, available with the Clearing Member against the Client's liabilities / obligations.
- 4. DUE DILIGENCE:-** The Clearing Member shall continuously satisfy itself about the genuineness and financial soundness of the Client and investment objective relevant to the services to be provided.

Obligations on Client

- 1. ELIGIBILITY CRITERIA:-** The Client represents that he is eligible to participate in the SLBS and has satisfied the criteria specified by the Clearing Corporation.
- 2. UPDATE & COMPLY WITH THE SETTLEMENT PROCESS :-** Notwithstanding anything contained in this document, the Client shall at all times make its own inquiries and keep itself updated on all settlement cycles, delivery/payment schedules and changes therein, and it shall be the responsibility of the Client to comply with such schedules/procedures of the Clearing Corporation.
- 3. PROCESSING CHARGES:-**The Client agrees to pay the Clearing Member, processing charges and statutory levies prevailing from time to time or any other charges for the services provided by the Clearing Member.
- 4. CHANGE IN KYC INFORMATION:-** The Client agrees to immediately notify the Clearing Member in writing whenever there is any change of information in the "Know Your Client (KYC) Form" provided by the Client to the Clearing Member, in the manner prescribed by SEBI/clearing corporation/stock exchange.
- 5. AUTHORISED REPRESENTATIVE:-**The Client agrees to be bound by the instructions issued by its authorized representative, if any, in accordance with the letter authorizing the said representative to deal on its behalf.
- 6. RETURN OF SECURITIES:-**The Client shall return the equivalent number of securities of the same type and class borrowed by it within the time specified by the Clearing Corporation in the circulars issued from time to time.
- 7. PAYMENT OF MARGINS:-**The Client agrees to pay such margins as may be specified by the Clearing Member in accordance with the requirement of Clearing Corporation or SEBI from time to time.
- 8. EXPOSURE / POSITION LIMITS:-**The Client agrees to abide by the exposure / position limits, if any, set by the Clearing Member or the Clearing Corporation or Stock Exchange or SEBI from time to time.
- 9. SECURITIES LENT TO BE UNENCUMBERED:-**The Client agrees and warrants that the securities lent are free from lien, charge, pledge or any encumbrance(s) of whatsoever nature.
- 10. INSOLVENCY:-** The Client agrees to immediately furnish information to the Clearing Member in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against it or if any litigation which may have material adverse bearing on its net worth has been filed against it.
- 11. COLLATERAL:-** At the discretion of the Clearing Member, where the Client deposits the required collateral with the Clearing Member, the same shall be free from any encumbrance(s) of whatsoever nature or defect in the title. If any encumbrance(s) or defect in the title is found subsequently, such collateral shall be immediately replaced by the Client.

Rights of Client

- 1. RIGHT OF CLIENT AS LENDER TO RECEIVE SECURITIES OR FINANCIAL COMPENSATION AND LENDING FEES:-** Where the Client is the lender unless otherwise agreed upon between the Clearing Member and the Client, the Client shall be entitled to receive the securities lent or financial compensation in lieu thereof, computed in such manner as may

be specified by the Clearing Corporation from time to time. The client shall be entitled to receive lender's fees for the securities lent.

2. **RECONCILIATION OF ACCOUNT:-** The Client and Clearing Member shall agree to reconcile their accounts regularly with reference to the transactions under the SLBS.
3. The Client shall satisfy itself of the capability of the Clearing Member and wishes to deal through the Member for lending and borrowing of securities

TERMINATION:- The relationship between Client and Clearing Member shall forthwith terminate if the Clearing Member for any reason ceases to be a Clearing Member under the circumstances as prescribed by the Clearing Corporation. Further, either of the parties shall be entitled to terminate the relationship by giving prior written notice of at least one month to other party without assigning any reason. Such termination shall, however, not affect the liabilities/obligations of either party arising out of the transactions under the SLBS entered into prior to the date of the notice of termination.

AMENDMENT :- The rights and obligations contained in this document shall not be altered, amended and /or modified by the parties in a manner that shall be in contravention of the provisions of acts, rules, regulations, notices and circulars of Clearing Corporation / SEBI governing SLBS segment or derogatory to rights and obligations prescribed herein.

ARBITRATION:- The Clearing Member and the Client shall co-operate with each other and with the Clearing Corporation in redressing their grievances in respect of transactions under the SLBS. All disputes and differences or questions arising out of or in relation to relationship between the Client and Clearing Member including failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of this rights and shall in the first instance be resolved mutually by the parties. If the parties fail to resolve the same mutually, then the same shall be referred to and decided in accordance with the procedures as prescribed by the SEBI/Clearing Corporation under the SLBS, the Circulars issued there under or Rules, Bye-laws and Regulations of Clearing Corporation.

GOVERNING LAW AND JURISDICTION:- The relationship between Clearing Member and a Client and all difference/disputes/claims arising thereto shall be governed by and construed in all respects in accordance with the laws of India. In relation to any legal action or proceedings to which the Clearing Corporation is a party, the parties irrevocably submit to the exclusive jurisdiction of the courts of Mumbai, India and waive any objection to such proceedings on grounds of venue or on the grounds that the proceedings have been brought before an inconvenient forum. In relation to any legal action or proceedings to which Clearing Corporation is not a party, the parties irrevocably submit to the jurisdiction of any competent court of law where the Client ordinarily resides at the time of execution of the transactions under the SLBS.

CANCELLATION OF TRANSACTIONS :- Notwithstanding anything contained in the Agreement between Clearing Corporation and Clearing Member or in the Rights and Obligations statement of Clearing Member and the Client, the Clearing Corporation shall be entitled to cancel transactions under the SLBS, either on an application by a Clearing Member or suo moto or under regulatory directions, and in such an event, the transactions done on behalf of the Client shall ipso facto stand cancelled, and neither the Clearing Corporation nor the Clearing Member shall be liable to compensate the Client for any loss whatsoever (including opportunity loss) arising out of such cancellation.

DISCONTINUATION OF SLBS AND PARTICIPATION IN SLBS:-The Clearing Corporation shall be entitled to discontinue the SLBS or the participation of the Clearing Member in the SLBS at any time at its discretion. Such discontinuation may be subject to such terms and conditions as may be specified by the Clearing Corporation from time to time.

The words and expressions in this document are used for the purpose of convenience only and shall not affect the construction of the terms of this document. Words and expressions which are used in this document, unless the context required otherwise, have the same meaning as assigned thereto in the rules, bye-laws, regulations, circular, notices issued there under by Clearing Corporation / SEBI.

Annexure-III

Format of letter to Clearing Bank for deposit of additional capital in form of Cash

ICCL – BSE SLBS Segment

CLG NO.

Date:

The Manager
(Name of the Clearing Bank)
Mumbai

Dear Sir,

Sub: Enhancement of Additional Capital (ICCL – BSE SLBS Segment)

I/We wish to increase our additional capital lying with the ICCL for Securities Lending & Borrowing Segment of BSE Ltd. You are therefore requested to debit our account (details mentioned below) by Rs. _____ (Rupees _____ only), and inform the Indian Clearing Corporation Ltd., accordingly.

- 1) Name of bank : _____
- 2) Type of A/c : _____ (current / overdraft)
- 3) Bank account no. : _____

Thanking you,

Yours faithfully

(Authorised signatory)
Sign and stamp of member

Annexure-IV

Format of covering letter to be given by the clearing member for deposit of Fixed Deposit Receipts (FDRs) in ICCL – BSE Securities Lending and Borrowing Segment

(To be typed on Clearing member's letter head)

ICCL – BSE SLBS Segment

Date:

Indian Clearing Corporation Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400 001.

Dear Sir,

Re: Deposit of Fixed Deposit Receipt towards ICCL – BSE SLBS Segment

Please find enclosed the following Fixed Deposit Receipt/s (FDR) issued in your favour towards the margin deposit of the ICCL – BSE SLBS Segment.

Sr. No.	Bank Name	FDR No.	FDR Date	Maturity Date	Amount (Rs.)

Yours faithfully,

Authorised Signatory

(Clg. No. _____)

Annexure-V

Format of letter to be submitted by the concerned bank along with the Fixed Deposit

Receipt (On Bank's Letter Head)

Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Dear Sir,

We refer to Fixed Deposit Receipt (FDR) No. issued in the name of “Indian Clearing Corporation Ltd. A/c. (*members 's name*)”

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

We hereby confirm that,

- i. There is no lock in period for encashment of the said FDR and the lien on the said FDR has been created in favour of Indian Clearing Corporation Ltd. (ICCL) only.
- ii. The amount under the said FDR would be paid to ICCL on demand without demure on or before or after the maturity of the said FDR without any reference to M/s. (*member's name*)
- iii. The FDR is payable at Mumbai
- iv. Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (*member's name*) or any other authority/person.
- v. We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- vi. We undertake that at the time of encashment of aforesaid FDR No. _____ by M/s. (*member name*) or any other authority/person, whether premature or otherwise, will be done only if the aforesaid FDR No. ____ _____ is accompanied with the release of lien letter issued by ICCL.
- vii. We undertake that the aforesaid FDR No. _____ would stand automatically renewed by the Bank on the respective maturity dates.

Yours faithfully,

For (Bank name)

Authorised Signatory (with Bank's stamp)

Annexure-VI

Format of letter for Renewal of Fixed Deposit Receipt

(On Bank's Letter Head)

The General Manager
Indian Clearing Corporation Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Dear Sir,

We refer to deposit receipt (FDR) No. _____ issued in the name of “Indian Clearing Corporation Ltd. A/c. (member's name)”

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

The above FDR has been renewed for a further period of _____ months/years under the auto renewal facility on the request of the member. Details are as follows:

Sr. No.	FDR Number	Issue Date	Principal Amount (Rs.)	Maturity Date

We hereby confirm that,

- i. There is no lock in period for encashment of the said FDR and the lien on the said FDR has been created in favour of Indian Clearing Corporation Ltd. (ICCL) only.
- ii. The amount under the said FDR would be paid to ICCL on demand without demure on or before or after the maturity of the said FDR without any reference to M/s. (member's name).
- iii. Old instrument will remain valid and no new instrument with new FDR No. _____ is issued.
- iv. The FDR is payable at Mumbai
- v. Encashment by ICCL, whether premature or otherwise would not require any clearance from M/s. (member's name) or any other authority/person.
- vi. We agree that on encashment of FDR by ICCL, the interest accrued will also be released to you.
- vii. We undertake that at the time of encashment of the aforesaid FDR No. _____ by M/s. (member name) or any other authority/person, whether premature or otherwise, will be done only if the aforesaid FDR No. _____ is accompanied with the release of lien letter issued by ICCL.
- viii. We undertake that the aforesaid FDR No. _____ would stand automatically renewed by the Bank on the respective maturity dates.

Yours faithfully,

For (Bank name)
Authorised Signatory (with Bank's stamp)

Annexure-VII

Format of covering letter to be given by the clearing member for deposit of renewed Fixed Deposit Receipt in ICCL – BSE Securities Lending and Borrowing Segment

(On Clearing member's letter head)

ICCL – BSE SLBS Segment

Date :

Indian Clearing Corporation Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

**Re: Deposit of renewed Fixed Deposit Receipt towards ICCL – BSE
SLBS Segment**

We refer to following Fixed Deposit Receipt issued on our behalf in your favour towards the margin deposit of the ICCL – BSE SLBS Segment:

Sr. No.	FDR No.	Issue Date	Amount (Rs.)	Maturity Date

The above Fixed Deposit Receipt/s has been renewed for a further period the details of which are as follows :

Sr. No.	New FDR No.	Issue Date	New Amount (Rs.)	New Maturity Date

Yours faithfully,

Authorised Signatory

(Clg. No. _____).

Annexure-VIII

Bank Guarantee Format

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where executed, whichever is higher)

BG No. : _____

BG Date :

From:

<p>Insert Name</p> <p>&</p> <p>Address of the Bank</p>

(hereinafter referred to as "**the Bank**")

Indian Clearing Corporation Ltd.
(BSE - Securities Lending & Borrowing Segment)
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

WHEREAS:

- (i) **(Delete inapplicable portion >>>>)** Mr./Ms./M/s. _____, an individual / a sole proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / the Companies Act, 1956, having his / her / its Registered Office at having Clearing No., hereinafter referred to as "**Member**" (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include his / her / its successors, administrators and permitted assigns) has entered into an agreement with Indian Clearing Corporation Ltd. [(ICCL), an approved intermediary under the Securities Lending Scheme, 1997] for participating in Securities Lending & Borrowing Segment of BSE Ltd ("BSE");
- (ii) As per the Rules, Bye-laws and Regulations of the BSE and its Clearing Corporation viz. Indian Clearing Corporation Ltd ("ICCL") and in pursuance of various notices/circulars issued by the Securities and Exchange Board of India ("SEBI")/BSE/ICCL, all its Member shall maintain with BSE/ICCL, collateral towards the Capital in the form of Cash or Fixed Deposit of Banks or approved Securities or Bank Guarantees etc. after applying suitable haircut/margins, as prescribed by BSE/ICCL from time to time.

BG No. :

BG Date :

- (iii) Members are also required to keep a certain amount as liquid asset with BSE/ICCL for availing of the trading limits and / or adjustment against margins, fees, etc as prescribed by BSE/ICCL from time to time.
- (iv) Members are also required to pay to BSE/ICCL various types of margins (comprising, inter alia, of fixed Lending margin, Lending Fees, Lending Price, mark to market, Value at Risk margin, Special margins, Extreme Loss margins, etc.) or any other margins, fees, etc in cash or any other form of collateral based on their trading and volume of the business done by them in Securities Lending and Borrowing Segment of BSE Ltd. from time to time.
- (v) Members are also required to fulfil their engagements, commitments, obligations towards ICCL pursuant to the agreement executed between the Members and ICCL.
- (vi) For satisfying all the obligations, engagements, liabilities of the Member under the Securities Lending and Borrowing Segment of BSE Ltd including but not limited to maintenance of capital (Liquid Assets) / payment of various margins, fees, the Members is required to deposit such amount/collateral inter alia, by executing a Bank Guarantee, in favour of BSE/ICCL.
- (vii) At the request of the Member, BSE/ICCL has agreed to accept a Bank Guarantee issued in its favour from a Scheduled Bank for an amount of Rs. _____, (Rupees _____ only) for satisfying requirements of Securities Lending and Borrowing Segment of BSE Ltd.
- (viii) The Member has requested the Bank to furnish BSE/ICCL a guarantee of Rs. (Rupees _____ only).

IT IS HEREBY AGREED BY THE BANK AS UNDER:-

1. We, the above mentioned Bank at the request and desire of the Member do hereby irrevocably and unconditionally guarantee to pay Rs. _____ (Rupees _____) to BSE/ICCL as a security for capital (liquid assets), various margin requirements and due performance and fulfillment by the Member of his / its engagements, commitments, operations, obligations or liabilities arising out of the transactions executed in the Securities Lending and Borrowing Segment of BSE Ltd. The Bank agrees and confirms that the said guarantee shall be available for meeting, satisfying, discharging or fulfilling all or any obligations or liabilities of the Member arising out of requirements of capital (liquid assets), various margin payments and transactions executed in Securities Lending and Borrowing Segment of BSE Ltd.

BG No. :

BG Date :

2. respectively, as directed and decided by BSE/ICCL or such other person or persons or committee or committees appointed by the BSE/ICCL from time to time.
3. The Bank hereby agrees that if in the opinion of BSE/ICCL, the Member has been or may become unable to meet, satisfy, discharge or fulfil any obligations, liabilities or commitments or any part thereof to BSE/ICCL arising out of capital (liquid assets), various margin payments or its obligations under the Agreement executed between himself/itself with ICCL, then without prejudice to the rights of BSE/ICCL or otherwise, may at any time thereafter and

without giving any notice to the Member invoke this guarantee to meet the aforesaid obligations, liabilities or commitments of the Member.

4. The Bank undertakes that it shall on first demand of the BSE/ICCL without any demur, protest or contest and without any reference to the Member and notwithstanding any contest by the Member, pay to BSE/ICCL sums not exceeding Rs. _____ (Rupees _____) as may be demanded by BSE/ICCL. The decision of the BSE/ICCL from time to time as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Bank.
5. This guarantee shall not be prejudiced by the failure of the Member to comply with the Rules, Bye-laws or Regulations of BSE/ICCL or the regulatory framework laid down for Securities Lending and Borrowing Segment of BSE Ltd. BSE/ICCL shall be at liberty to vary, amend, change or alter any terms or conditions or its Rules or Bye-laws or Regulations relating to membership of Securities Lending and Borrowing Segment of BSE Ltd. in general or as applicable to the Member in particular without thereby affecting its rights against the Member or the Bank or any security belonging to the Member now or hereafter held or taken by BSE/ICCL, at any time. The discretion to make demands under this guarantee shall exclusively be that of BSE/ICCL and BSE/ICCL is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Member.
2. The validity of this guarantee shall not be affected in any manner whatsoever if BSE/ICCL takes any action against the Member including declaration of default, suspension or expulsion of the Member.
3. This guarantee shall not be affected by any change in the constitution of BSE/ICCL or the Securities Lending and Borrowing Segment of BSE or the Member or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by BSE/ICCL to its Member.

BG No. :

BG Date :

4. The Bank undertakes to pay to BSE/ICCL, the amount hereby guaranteed within forty eight hours (excluding any holidays or bank strike) of being served with a written notice requiring the payment of the amount to the Branch Manager of the Bank's Branch office address stated hereinabove or to such other address as BSE/ICCL may be aware of either by hand delivery or by Registered Post or by Speed Post or by Courier Service.
5. The Bank hereby consents to BSE/ICCL for:
 - (i) Making any variance, change or modification of any agreement with the Member and/ or others as it may deem fit; and
 - () Giving time to the Member for payment of any sums due from the Member; and
 - (i) Making any compromise with the Member; and
 - (ii) Releasing or parting with any security and/ or
 - (iii) Agreeing not to sue the Member.

6. The Bank irrevocably agrees that this guarantee shall not be avoided, released or prejudicially affected and the Bank shall not be discharged from its liability hereunder to BSE/ICCL by reason of the aforesaid or by reason of any act or omission by BSE/ICCL, the legal consequence whereof may be to discharge the Member and/ or the Bank or by any act or omission by BSE/ICCL which would, but for this provision, be inconsistent with the Bank's right as a surety. The Bank agrees that this guarantee shall remain valid and enforceable notwithstanding any forbearance or delay in the enforcement of the terms of the contract between the Bank and Member or of ICCL's / BSE's Rules, Bye-laws and Regulations. The Bank waives all the rights available to the Bank as surety under Section 133, 134,135,139 and 141 of the Indian Contract Act, 1872. The Bank also agrees that the Bank shall not be entitled to the benefit of subrogation to any security held by BSE/ICCL.
7. The Bank agrees that it shall not be entitled to the benefit of any security held or received/receivable by BSE/ICCL notwithstanding that the Bank have made payment under this guarantee.
8. The Bank undertakes not to revoke this guarantee during its currency except with the previous consent of BSE/ICCL in writing and this guarantee shall be continuous and irrevocable.
9. The Bank hereby states that this guarantee is not issued on the basis of any arrangement with or counter guarantee of any other Bank, which can affect the rights of BSE/ICCL under this guarantee.

BG No. :

BG Date :

10. Notwithstanding anything mentioned hereinbefore, the aggregate liability of the Bank under this guarantee is restricted to Rs. _____ (Rupees _____) and it will remain in force for a period of ___ months i.e. upto _____ day of _____ .
11. Unless a claim/demand in writing is made against the Bank under this guarantee before the expiry of three months from the aforesaid date i.e. on or before _____ day of _____ , all rights of BSE/ICCL under this guarantee shall cease and the Bank shall be relieved and discharged from all liabilities thereunder under this guarantee.

Executed at _____, this _____ day
of _____ .

For _____ **(Bank)**

_____ **(Name of the**

Authorized Signatories

Seal of the Bank

Annexure - IX

**Format of covering letter to be given by the clearing member for deposit of bank guarantee in
ICCL – BSE Securities Lending and Borrowing Segment**

(On Clearing Member's letter head)

ICCL – BSE SLBS Segment

Date :

Indian Clearing Corporation Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Deposit of Bank Guarantee towards ICCL – BSE SLBS Segment

Dear Sir,

Ref: CM Code -

As required by Indian Clearing Corporation Limited (ICCL) and in compliance of its Rules, Byelaws, Regulations and/or circulars, notifications issued from time to time, we are required to furnish you the Base Capital/Additional Base Capital in the form prescribed.

Accordingly, we have furnished the same in the form of BG for Rs. _____ and the details of the Bank Guarantees (BGs), are as under.

Sr. No.	Bank Name	BG No.	BG Date	Maturity Date	Claim Date	Amount (Rs.)

I/We declare and confirm that the Bank Guarantees (BGs), submitted by me/us is/are not created out of clients funds. I/We further confirmed that the BG (s) as mentioned above is/are submitted in compliance of the ICCL Notice no. 20230427-21 dated April 27, 2023 on Bank Guarantees (BGs) created out of clients' funds.

Yours faithfully,

Authorised Signatory

(Clg. No. _____)

Annexure - X

Format for Renewal of Bank Guarantee towards Securities Lending & Borrowing Segment

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where executed, whichever is higher)

BG No. :

BG Date :

From:

<p>Insert Name</p> <p>&</p> <p>Address of the Bank</p>

(hereinafter referred to as "**the Bank**")

Indian Clearing Corporation Ltd.
(BSE - Securities Lending & Borrowing Segment)
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

We (*bank name*) a body corporate constituted under the Companies Act, 1956 having our Registered Office at (*Bank's address*) and our branch office at (*branch office address*), refer to the Bank Guarantee Bearing No. (*original BG No.*) executed by us on the (*original BG date*) at Mumbai (hereinafter referred to said Bank Guarantee) on account of (*Clearing Member Name*) (hereinafter referred to as a Clearing Member) for a sum of Rs. _____ /- (Rupees _____ only) in your favour.

We now at the request of the Clearing Member further extend the period of the said guarantee by _____ months, i.e. from _____ to _____ and unless a demand under this Bank Guarantee is made on us in writing by you *within three months after the date of expiry of this guarantee*, i.e., on or before _____, all your rights under this Bank Guarantee shall cease and the bank shall be relieved and discharged from all liabilities hereunder.

We hereby affirm and confirm that save and except to the extent as provided for hereinabove, the said Bank Guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till _____.

“Notwithstanding anything contained herein our liability under this Bank Guarantee shall not exceed Rs. _____ /- (Rupees _____ only). This Bank Guarantee shall be valid upto _____ . And we are liable to pay the guarantee amount or pay part thereof under this Bank Guarantee only and only if you serve upon us a written claim on or before _____ .” (date of expiry of the claim period).

Sign for and on behalf of (*bank name*) on this the _____, Mumbai.

Yours truly,

For (*bank name*)

Branch

Authorized Signatories

Annexure - XI

Format of covering letter to be given by the clearing member for deposit of renewed bank guarantee in ICCL – BSE Securities Lending and Borrowing Segment

(On Clearing member's letter head)

ICCL – BSE SLBS Segment

Date :

To
Indian Cleari Corporation Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400 001.

Dear Sir,

Re: Deposit of renewed Bank Guarantee towards ICCL – BSE SLBS Segment

We refer to following Bank Guarantees issued on our behalf in your favour towards the margin deposit of the ICCL – BSE SLBS Segment:-

Sr. No.	BG No.	Issue Date	Amount (Rs.)	Maturity Date	Claim Date

The above bank guarantees has been renewed for a further period the details are as follows:

Sr. No.	New BG No.	Issue Date	Amount (Rs.)	New Maturity Date	New Claim Date

Yours faithfully,

Authorised Signatory

(Clg. No. _____)

Annexure - XII

Format for extension of scope of Bank Guarantee from one trading segment to any other trading segments of BSE Ltd.

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where executed, whichever is higher)

BG No. : _____ BG

Date:

Date:

From:

<p>Insert Name</p> <p>&</p> <p>Address of the Bank</p>

(hereinafter referred to as "**the Bank**")

Indian Clearing Corporation Ltd.
25th Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400 001.

We, _____, having registered office at _____ and having branch amongst others at _____, refer to the Bank Guarantee No. _____ issued by us on ____ day of _____ at _____ (hereinafter referred to as "said Guarantee") on behalf of _____ (hereinafter referred to as "Clearing Member") having its registered office at _____ for a sum of Rs. _____ (Rupees _____ only) issued in favour of ICCL – BSE Equity Cash Segment / ICCL – BSE Equity Derivatives Segment / ICCL – BSE Currency Derivatives Segment. The said bank guarantee was issued to cover the Clearing Member's collateral requirements, margin requirements, settlement & other obligations in the ICCL-BSE Equity Cash Segment/ICCL-BSE Equity Derivatives Segment / ICCL- BSE Currency Derivatives Segment.

We, the above mentioned Bank at the request and desire of the said Clearing Member, do hereby irrevocably and unconditionally agree to extend the scope of the said guarantee to cover the liabilities/obligations of the Clearing Member arising out of the collateral requirements and various margins, settlement & other obligations of the ICCL – BSE Equity Derivatives Segment, ICCL – BSE Equity Cash Segment, ICCL – BSE Currency Derivatives Segment, ICCL BSE SLBS Segment and ICCL BSE New Debt Segment and any of the Segments of ICCL- BSE of which the said Clearing member is admitted as a Clearing Member as may be determined by BSE/ICCL from time to time without demur/protest or reference to the Clearing Member.

We agree that the said Clearing Member is admitted to the membership of various segments of BSE/ICCL and that the Bank Guarantee amount specified in the above referred Bank Guarantee document is available for meeting the liabilities/obligations of any of the clearing segments as aforesaid.

All other provisions of the said Bank Guarantee would remain unchanged.

Executed at _____, this _____ day of _____, _____.

For _____ (Bank name)

_____ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank

Annexure - XIII

Procedure for availing early pay-in by Clearing Members

Early pay-in of securities facility to avail margin benefits is available to all members/custodians. Members/custodians can make early pay-in through either of the depositories viz. NSDL and CDSL. Members/custodians desirous of making early pay-in of securities through CDSL need to transfer the securities in the separate early pay-in account opened with ICCL as is being currently used by them to deliver the early pay-in securities in Equity Cash Segment. While in NSDL the Members/Custodians need to give irreversible delivery out instructions from their pool account. Early pay-in of securities facility can be availed for the first leg and reverse leg obligations. Members/Custodians are required to inform ICCL Settlements team about the details of the securities delivered as early pay-in, through a fax copy or email.

Annexure - XIV

Procedure for Early Return and Early Recall of securities by Participants

Participants shall follow the below mentioned process for early return and early recall of securities :-

- Participants shall request for early return/recall of securities only for their existing reverse leg positions i.e. positions for which the first leg settlement has been successfully completed. The request for early return/recall can be done for part/entire quantity of the existing position.
- The request for early return/recall of securities can be done till three working days prior to the reverse leg settlement date of the respective SLBS transaction or as per timelines as may be specified by ICCL from time to time. The lending fees for early return/recall of securities shall be at market determined rates. Accordingly, Participants shall quote the lending fee per share that they wish to accept/forego for the balance tenure of borrowing/lending at the time of placing the early return/recall requests.
- For early return of securities the borrower Participant shall first transfer the concerned securities to the ICCL depository account before placing the early return request in the system.
- In case the Participant requires early return of securities only for availing the margin benefits then the borrower shall transfer such securities by specifying the original trade id of the trade executed by the Participant in the first leg.

Annexure - XV

Format of letter from Clearing Member regarding shifting settlement account from one designated Clearing Bank to another

Date:

Manager,
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Change of Designated Bank for Clearing & Settlement Purpose

I/We _____ Clg.No. _____ is/ are having A/c. No. _____ with _____ Bank for margins /clearing & settlement obligations. I/We wish to shift my / our designated bank from _____ to _____ bank.

Our Account No. with bank is _____ and we wish to designate the same for Clearing & Settlement purpose including margin payments.

I/We agree that the operations in the abovementioned account would start only after receiving intimation regarding the same from the Clearing & Settlement Department.

You are requested to please do the needful.

Signature & Stamp of the Member / Director (s)

Annexure - XVI

Format of additional trade files for the Rollover contracts entered into by members.

TRADE_NEW_Member Code_yyyymmdd.dat		
Field Name	Length	Description
Serial No	Integer	
Borrow/Lend Flag	Varchar(1)	B/L
Trade Number	Number (08)	
Trade Date	Date Time	yyyy-mm-dd hh:mm:ss
Settlement No	Varchar(7)	
Settlement Type	Varchar(3)	
Scrip Code	Number(6)	
Scrip Name	VarChar(8)	
Security Expiry Date	Date	yyyy-mm-dd
Order No	Number	
Payin/Payout Date	Varchar(30)	yyyy-mm-dd hh:mm:ss
Member Id of Custodian	Number(4)	
Client Id	Varchar(12)	
Trade Quantity	Numeric(09)	
Lending fees	Numeric(7)	
Trade Amount	Numeric(12)	
Order Date Time	Date Time	yyyy-mm-dd hh:mm:ss
RefNumber	Number	Original Order Numbers in case of Recall/Return
Recall/Return Trades/Rollover Flag	Varchar(2)	RC/RT/RL
Filler	Filler	
Filler	Filler	