

PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,
Off I.I Chundrigar Road, Karachi.

Tel: 021-32401278, E-mail: secretariat@psba.pk, Web: www.psba.pk, Fax: 021-32401279

Bilal Farooq Zardi
Secretary General

Ref: PSBA/N1020-02

October 26, 2020

MR. MUHAMMAD LUKMAN
Chief Executive Officer
National Clearing Company of Pakistan Ltd
Karachi.

Subject: **IMPLEMENTATION OF CLOSE-OUT MECHANISM IN
DELIVERABLE FUTURES CONTRACT (DFC) MARKET**

Dear Sir,

This is with reference to the notification NCCPL/CM/OCTOBER-20/11 dated October 23, 2020, issued by the National Clearing Company of Pakistan Ltd (NCCPL) pertaining to the subject captioned above. Please note that the Pakistan Stock Brokers Association (PSBA) has been approached by the members having sizeable market volume in terms of shares, to take up the matter with the authorities.

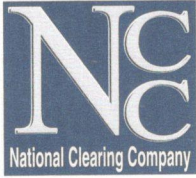
Pursuant to it, it is being craved that the notification on the matter which is notifying the implementation of the subject mechanism effective from November 9, 2020, has serious reservations, hence require thorough discussion and deliberation before the implementation.

We therefore strongly suggest deferring the implementation of the subject mechanism till the matter is extensively discussed with the members otherwise it will have negative repercussions on DFC Market.

Looking forward to your favorable response and a meeting to be called in the matter.

Regards,

Cc: **Mr. Shauzaib Ali** – Commissioner SMD – SECP
Mr. Farrukh Khan – CEO – PSX
Mr. Muhammad Asif – HOP – NCCPL.



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Ref: NCCPL/RMD/009

November 02, 2020

Mr. Bilal Farooq Zardi
Secretary General
Pakistan Stock Brokers Association (PSBA)

Subject: RE – Implementation of close-out mechanism in Deliverable Futures Contract (DFC) market

Dear Sir,

This is with Reference to your letter number PSBA/ N1020-02 dated: October 26, 2020 on the captioned subject whereby NCCPL was informed that reservations have been put forward to PBA by a few members with respect to DFC close out mechanism proposed to be implemented with effect from November 09, 2020. Further, it was requested to defer its implementation and discuss the same with relevant stake holders as its implementation may have negative repercussions on the DFC market.

However, we would like to take this opportunity to bring to your kind knowledge a few factors that should be considered and deliberated during the discussion sessions proposed to held with the relevant stakeholders:

1. NCCPL assumed the role of Central Counterparty "CCP" in 2016 and had also started performing the risk management function from the same year. Globally, CCP are required and encouraged to adopt Principle for Financial Market Infrastructure "PFMI" that provides guidelines on every aspect of the operations performed by a CCP including default management. The default management process of CCPs that have adopted PFMI and are also comparable with NCCPL were reviewed and it was identified that a close out mechanism for DFC traded in securities market does not exist despite the fact that commodity exchange has implemented the same. Accordingly, the process was started.
2. Keeping in view the significance of close out mechanism for DFC, it has always been the priority of NCCPL to develop and implement it after detailed deliberation and close consultation with stakeholders. Accordingly, the matter was presented to a Committee formed by Securities & Exchange Commission of Pakistan titled "Capital Market Reforms Committee" in September 2019. The Committee reviewed the matter and proposed to implement the DFC close out mechanism in its report submitted to SECP in October 2019. Later, SECP through its letter reference No. SMD/SE/2(233)2012 dated October 16, 2019 shared the recommendation of the Capital Market Reforms Committee and directed NCCPL to provide timeline for implementation which were duly shared. NCCPL proposed amendments in its regulations in December 2019 and after public consultation they were submitted to SECP and were approved in February 2020.
3. The operational aspects of the DFC close-out mechanism were spelled out in the NCSS Procedures based on the deliberation carried out and conclusion reached with relevant stakeholders and they were published before implementation on October 23, 2020.

 NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi-74000 Pakistan.
Tel: (92-21) 32460811-19 Fax: (92-21) 32460827 Website: www.nccpl.com.pk



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4. The DFC close out mechanism was proposed keeping in view the anticipated implementation of DFC with longer maturity period by PSX and its expected impact on the overall risk management framework implemented by NCCPL. The proposed close out mechanism will cater for the risk posed to the clearing and settlement activity in the event of default by limiting the exposure arising due to market volatility from the date of default to the date of completion of square-up proceedings.
5. The DFC close out mechanism includes an allocation process whereby non-defaulting members may be exposed to allocation of open DFC position of defaulting clearing member, after exercising all other courses of action available in case of clearing member default. However, it will only impact the clearing members having open position in the same contract proportionately and other clearing members will not be affected. Had we passed on the entire impact on the Settlement Guarantee Fund "SGF", it will also be imposed on the clearing members that are not trading in the DFC segment but paying their contribution to SGF, which will make the process questionable and inequitable.
6. Further, the Capital Market Reforms Committee Report included a recommendation where it was proposed that **"future and cash market risk management and settlement should be separated"**. This proposal was also evaluated and it was concluded that this may not be a practicable solution as this will require segregation of Margins, Settlement and SGF. It has been explained to the market participants that Margins are currently segregated while segregation of settlement would result in enhancing the liquidity requirement for securities brokers as currently money obligation is determined on net basis across cash and derivative segments. Additionally, NCCPL also worked out the estimated amount that can be allocated from the SGF to a separate fund for derivative segment and it turned out to be approximately PKR 405 million. It is evident that keeping in view the available margins and the potential exposure that can be taken in the derivative segment, such amount in the separate fund for derivative segment would not be sufficient to manage defaults and to meet the conditions prescribed for establishing fund in the PFMI.
7. Keeping in view these limitations and after highlighting them to the relevant stakeholders the most equitable and practicable close out mechanism was proposed and it was linked with the implementation of DFC with longer maturity period, therefore, any deferment in its implementation may be linked with the introduction of such DFC.

We look forward to discussing the close out mechanism with the relevant stakeholders and reaching to an amicable conclusion on the matter at the earliest.

For any other discussion on the matter, please feel free to contact us.

On and Behalf of NCCPL:

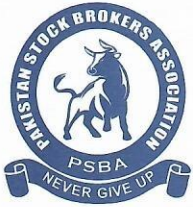
Kashif Alam Khan

CC: Mr. Shauzaib Ali - Commissioner SMD - SECP
Mr. Farrukh Khan - Chief Executive Officer-PSX

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Bilal Farooq Zardi
Secretary General

Ref: PSBA/N1120-01

November 12, 2020

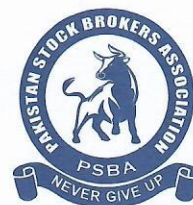
MR. MUHAMMAD LUKMAN
Chief Executive Officer
National Clearing Company of Pakistan Ltd
Karachi.

Subject: **IMPLEMENTATION OF CLOSE-OUT MECHANISM IN DFC MARKET**

Dear Sir,

This is in continuation of our earlier letter PSBA/N1020-02 dated October 26, 2020, and our meeting held on November 10, 2020, to discuss the pros and cons of the subject implementation and how it will affect the DFC market. As the meeting decided to address the concerns in writing, enabling you to further take up with the authorities so that the matter is reached to an amicable conclusion. We would like to submit as under:

1. The National Clearing Company (NCCPL) is maintaining a fund called Settlement Guarantee Fund (SGF) in order to ensure timely settlement of trades and transactions in the event of failure of any Clearing Member to settle its obligations towards the Company.
2. The subject implementation as notified vide NCCPL notice NCCPL/CM/OCTOBER-20/11 dated October 23, 2020, states that net open long/short position in DFC in a particular security of Suspended Clearing Member would be allocated to non-defaulting CMs proprietary UINs having positions in DFC of that particular security on the date of close out on pro rata basis if the position is not fully liquidated.
3. The operational aspects of the DFC close-out mechanism need a holistic review. Hence, for ease of your reference we would like to submit our proposals discussed during our meeting with your good self held on November 10, 2020, and the discussion held thereon with the members having sizable market volume in the DFC market.



- (i) The DFC close-out mechanism which includes an allocation process whereby non-defaulting members will be exposed to allocation of open DFC positions of defaulting clearing members should be removed from the defined procedures. And accordingly, utilization of SGF may please be ensured in order to settle the trades and transactions in the event of failure as stipulated in Chapter 29 whereby the Management, Composition, Contribution, Accretion and Utilization is briefly defined. After the bare reading it states that SGF shall be utilized for settlement of money obligations of Exchange trades and transactions irrespective of the quantum of the position and market in which the member defaults.
- (ii) Where the position is not fully squared-up after liquidating it in the market, it shall continue towards the squaring-up by applying the mechanism for utilization of SGF as written above.
- (iii) Keeping in view the available margins, the potential exposure and in order to cater the expected impact on the overall risk management framework, it is proposed to increase the trade exposure margins in the DFC market rather than shifting the overall risk into the non-defaulting clearing member.
- (iv) The disbursement of 50% Mark-to-Market profit in DFC Market may be discontinued for the trades that are unsettled to minimize the risk impact while 100% Mark-to-Market profit of settled trades should be disbursed.
- (v) As far as the separation of future & cash market risk management and settlement is concerned we are open for the discussion.

In light of the above, it is humbly prayed that in order to save the market from an undue panic, the priority as defined in the proposed procedures may please be refashioned.

For any further discussion please feel free to contact us as our sole objective is to settle the issue in an amicable atmosphere.

Yours sincerely,

Cc: **Mr. Shauzaib Ali** - Commissioner SMD - SECP.
Mr. Farrukh Khan - MD - PSX
Mr. Kashif Alam Khan - Chief Risk Officer - NCCPL.



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Ref: NCCPL/RMD/011/2020

November 20, 2020

Mr. Bilal Farooq Zardi
Secretary General
Pakistan Stock Brokers Association
Mezzanine Floor, Trading Hall,
Stock Exchange Building,
Stock Exchange Road,
Off I. I Chundrigar Road,
Karachi

Subject: Implementation of Close-Out mechanism in Deliverable Future Contract (DFC) Market

Dear Bilal,

This is with reference to your letter ref. PSBA/N1120-01 dated November 12, 2020 on the above cited subject. In this regard, please find below our response on each matter highlighted in your aforementioned letter;

- (i) SGF will be utilized to bridge the gap between the actual contract price of the defaulting clearing member and the close-out price. The additional discount / premium on close-out will be applied at the closing price of previous day after two days of default. In two days' time, based on current circuit breaker of 7.5%, the underlying security price could fall by 15% and additional premium / discount on close-out will be paid from SGF after adjusting any proceeds realized after liquidating the margins kept by defaulting clearing member with NCCPL.

The Capital Market Reforms Committee in its report submitted to SECP in September 2019, recommended to implement the Close-out mechanism in DFC market after detailed deliberations with market participants.

Keeping in view the significance of the matter, NCCPL had arranged various meetings with market participants specially PSBA and after building consensus on the prescribed DFC close-out mechanism, regulatory amendments were proposed to implement it.

The amendments were recommended by NCCPL Risk Committee and approved by NCCPL Board in December 2019. The Regulations were also placed on NCCPL website for public comments before submitting the same to SECP for approval, however, no comments were received. These amendments in Regulations were approved by SECP in February 2020.

It may please be noted that DFC close-out mechanism is a standard process implemented by CCPs operating in capital markets to mitigate its exposure during the default of the clearing member. Similar mechanism is already implemented in commodities exchange. The allocation process can

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8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi-74000 Pakistan.
Tel: (92-21) 32460811-19 Fax: (92-21) 32460827 Website: www.nccpl.com.pk

Handwritten date and time:
23/11/2020
12:00pm

be deliberated to further improve it to accommodate the suggestions and comments of the market participants, however, the entire allocation process itself cannot be removed as it may expose the CCP to undue exposure during default proceedings. It may also be appreciated that DFC close-out despite its effectiveness, has been kept as the last option during default proceedings.

Keeping in view PSX's proposal to introduce DF contracts with longer maturity, it is essential to develop and make operative DFC close-out mechanism before the commencement of such longer period contracts.

(ii) As above (i).

(iii) Margins are a regular feature and impacts all the market participants on daily basis, increase in margins will directly impact the cost of transaction for members while low margins will increase the risk for CCP, therefore, as suggested by the Capital Market Advisory Committee, margins are reviewed regularly and kept at optimum level after detailed analysis and statistical stimulations to balance the cost and risk of the associated transaction.

The margins are applied based on the underlying risk of the securities and whenever there is any need necessary adjustments are carried out. NCCPL has very recently submitted changes in margin requirements for DFC market to SECP for approval. The changes are recommended by NCCPL Risk Committee and approved by NCCPL Board.

NCCPL would continue to review and analyze adequacy of margins and makes necessary amendments as and when considered appropriate.

(iv) Agreed.

NCCPL will evaluate and analyze the suggestion and share the results and proposal with NCCPL Risk Committee for approval in December 2020.

(v) Agreed.

NCCPL team is available as per mutual convenience.

(vi) Agreed.

The allocation process itself can be revisited based on the recommendations of PSBA and market participants. NCCPL Risk Department will prepare the required changes in NCCPL Procedures and present them for NCCPL's Risk Committee and Board approval in upcoming meetings to be held in December 2020.



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In view of the above, you would agree and appreciate that close-out mechanism is proposed to be the last resort even under unprecedented circumstances that could be faced by CCP in case of clearing members default and it is clear that the concerns of PSBA are addressed and suggestions are positively considered wherever possible.

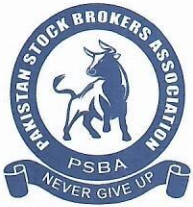
Therefore, NCCPL intends to implement the Close-out mechanism with effect from November 30, 2020 to ensure that risk to be added by the expected introduction of longer maturity Deliverable Future Contracts in near future is adequately managed.

Please feel free to contact us as per your convenience for any further clarification, if required.

Regards,

Kashif Alam Khan
Chief Risk Officer

CC: Mr. Farrukh Khan, Managing Director, PSX
Mr. Shauzab Ali, Commissioner Securities Market Division, SECP.



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Bilal Farooq Zardi
Secretary General

Ref: PSBA/N1120-03

November 26, 2020

MR. KASHIF ALAM KHAN
Chief Risk Officer
National Clearing Company of Pakistan Ltd
Karachi.

Subject: **IMPLEMENTATION OF CLOSE-OUT MECHANISM IN DFC MARKET**

Mr. Khan,

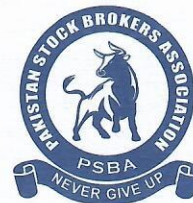
This is with reference to your letter NCCPL/RMD/011/2020 dated November 20, 2020, wherein you have responded to our concerns raised vide letter PSBA/N1120-01 dated November 12, 2020. Thankfully, NCCPL has now deferred the implementation of the subject mechanism considering the issues as identified earlier.

In addition to the response of your aforementioned letter, we consider it important to submit here that as NCCPL is in the process of reviewing the subject mechanism on the basis of consultation with the market participants, we are available to have a formal discussion in this respect on your very first call to conclude the matter amicably.

We understand that SGF will be utilized to bridge the gap between the actual contract price of the defaulting clearing member and the close-out price. But, it is to reiterate that after the bare reading of the Regulation, it states that SGF shall be utilized for settlement of money obligations of Exchange trades and transactions irrespective of the quantum of the position and market in which the member defaults. Hence, where the position is not fully squared-up after liquidating it in the market, it shall continue towards the squaring-up by applying the mechanism for utilization of SGF.

The Capital Market Reforms Committee in its report submitted, has emphasized on the consultation with the market participants. It is important to mention here that the meeting was indeed held with the market participants. However, the recommendations have not been given due consideration while implementing the same. Hence, the consultation process becomes a futile exercise.

We understand the importance of the close-out mechanism considering the International Best Practices but the mechanism as a whole requires further deliberation before going ahead during the extended time period.



We believe that the Commission and the Exchange authorities may be of the same view to conclude the matter with the consensus of the market participants and avoid the forced implementation of the same.

Moreover, it is imperative to highlight that these kinds of implementations should take effect in a prospective manner rather than implementation with the retrospective period and/or contract.

Furthermore, another thing that requires an immediate realization is that this kind of abrupt implementation reduces the efficiency of work and causes undue panic into the market.

Look forward to your response to initiate the discussion.

Regards,

Cc: **Mr. Shauzab Ali** - Commissioner SMD - SECP
Mr. Farrukh Khan - MD - PSX



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Ref: NCCPL/RMD/012/2020

December 01, 2020

Mr. Bilal Farooq Zardi
Secretary General
Pakistan Stock Brokers Association
Mezzanine Floor, Trading Hall,
Stock Exchange Building,
Stock Exchange Road,
Off I. I Chundrigar Road,
Karachi

Subject: Implementation of Close-Out mechanism in Deliverable Future Contract (DFC) Market

Dear Bilal,

This is with reference to your letter ref. PSBA/N1120-03 dated November 26, 2020 on the above cited subject in response to NCCPL letter (NCCPL/RMD/011/2020) wherein NCCPL have responded queries raised by PSBA through your letter PSBA/N1120-01.

In this regards, NCCPL have informed that the allocation process itself can be revisited based on the recommendations of PSBA and market participants. It was also appraised that close-out mechanism is proposed to be the last resort even under unprecedented circumstances that could be faced by CCP in case of clearing members default. However, based on PSBA suggestions NCCPL Risk Department has proposed the revised DFC Close out procedure which will be presented to NCCPL's Risk Committee in the upcoming meeting to be held next week. The recommended changes are attached as **Annexure I** for PSBA review and discussion.

Further, it is to appraise that the implementation of Close out mechanism has been halted till the introduction of longer maturity Deliverable Future Contracts announced by PSX or further notification by NCCPL.

Please feel free to contact us as per your convenience for discussion and any further clarification, if required.

Regards,

Kashif Alam Khan
Chief Risk Officer

CC: Mr. Farrukh Khan, Managing Director, PSX
Mr. Shauzab Ali, Commissioner Securities Market Division, SECP.

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Annexure I

ORIGINAL PROCEDURES	PROPOSED PROCEDURES
<p>4a.1 Liquidation of Deliverable Future Contracts (DFC):</p> <p>4a.1.1 The Position in DFC (buy or sell positions) of a Suspended Clearing Member shall be liquidated in the DFC Market by placing only reverse orders of open Position through Trading ID of Suspended Clearing Member in an un-disclosed manner.</p> <p>4a.1.2 The Company shall send a notice to the Exchange identifying the Sub A/c and UIN wise outstanding net long/short position of the Suspended Clearing Member that needs to be liquidated within the time prescribed in the Designated Time Schedule. The Exchange shall facilitate the Company in liquidating the position whereby reverse side orders in an un-disclosed manner shall be executed in the DFC Market at market price through the Trading ID of the Suspended Clearing Member.</p> <p>4a.1.3 Upon completion of liquidation (even in part) the Exchange shall provide liquidation results to the Company immediately after close of the DFC Market.</p> <p>4a.1.3 The net profit or loss booked on the liquidation of DFC position shall be calculated by the Company.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>4a.1.4 The net profit or loss booked on the liquidation of DFC position shall be calculated by the Company.</p>
<p>4a.2 Square-up of open Deliverable Future Contracts:</p> <p>On completion of the liquidation process, as explained in Procedure 4a.1, the remaining Sub A/c and UIN wise net long/short position in DFC of a Suspended Clearing Member shall be squared-up through an open auction session in the DFC square-up market of the Exchange in an un-disclosed manner through the Trading ID of the Suspended Clearing Member.</p>	<p>No change</p>
<p>4a.3 Notices of Squaring-up DFC Contracts to the Exchange:</p>	

<p>The Company for squaring-up of Sub A/c and UIN wise net long/short position of the Suspended Clearing Member in DFC shall send a notice to the Exchange highlighting the details of Sub A/c and UIN wise unsettled net long or net short DFC positions that are required to be squared-up by the Exchange. The Exchange shall initiate the squaring-up process within the time frame decided mutually by the Company and Exchange.</p>	<p>No change</p>
<p>4a.4 Eligibility to Bid and Offer by Buyer or Seller:</p> <p>Any TRE Certificate Holder who is also a CM (excluding Suspended Clearing Member) shall be permitted to make a bid or offer in squaring-up process either on proprietary account and/or for and behalf of its clients.</p>	<p>No change</p>
<p>4a.5 Actions on Completion of Squaring-Up (Even in Part):</p> <p>4a.5.1 The Exchange shall complete the square-up process as per its rules and regulations and in accordance with the following mechanism:</p> <p>a) The Sub A/c and UIN wise net long position in DFC of the Suspended Clearing Member may be offered in DFC square-up market by the Exchange at last day closing price of contract in DFC Market. Likewise, the Sub A/c and UIN wise net short position in DFC of the Suspended Clearing Member may be offered in DFC square-up market by the Exchange at last day closing price of contract in DFC Market.</p> <p>b) For the purpose of determination of square-up price, a maximum discount or premium of 15% may be allowed in bid/offer prices of the last day closing price of the same contracts in DFC market, depending upon the outstanding position of the Suspended Clearing Member.</p> <p>4a.5.2 Upon completion of squaring-up (even in part) the Exchange shall provide squaring up results to the Company immediately after close of the DFC square-up market of the Exchange.</p> <p>4a.5.3 The net profit or loss booked on the squaring up of the DFC position would be calculated by the Company.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>

4a.6. Close-out of Outstanding Defaulted DFC Position:

4a.6.1 If the net outstanding short/ long position of the Suspended Clearing Member is not completely liquidated or squared-up in accordance with the Procedures, or where these processes could not be initiated within the time prescribed in NCCPL Regulations, 2015, the net open long / short position in DFC of Suspended Clearing Member shall be closed out by the Company as follows:

a. The Company shall prepare a securities wise list of net long or net short outstanding DFC position of all non-defaulted CMs and their respective investors' at Unique Identification Number "UIN" level, based on the securities wise net open long / short position in DFC of the Suspended Clearing Member.

b. Net open long / short position in DFC in a particular security of Suspended Clearing Member would be allocated to non-defaulting CMs proprietary UINs having open reverse positions in DFC of that particular security on the date of close out on pro rata basis, whereby the net long position of non-defaulting CMs proprietary UINs would be offset against net short DFC position of Suspended Clearing Member. Likewise, net short position of non-defaulting CMs proprietary UINs would be offset against net long position of Suspended Clearing Member.

c. The remaining net long / short position of the Suspended Clearing Member in DFC, if any, after the allocation to proprietary UINs of the non-defaulting CMs as explained in b above, shall then be offset against the open position of investors' on UIN basis having exposure in that particular security on pro rata basis, whereby net long position of non-defaulted investors' UINs would be offset against net short DFC position of Suspended Clearing Member. Likewise, net short position of non-defaulted investors' UINs would be offset against net long position of Suspended Clearing Member.

d. All allocations made as per the mechanism provide in points "b" and "c" above will be based on lot size of a particular security at a maximum discount or premium of 15% of the last day closing price of the same contract in DFC market, as the case may be.

No change

No change

~~b. Net open long / short position in DFC in a particular security of Suspended Clearing Member would be allocated to non defaulting CMs proprietary UINs having open reverse positions in DFC of that particular security on the date of close out on pro rata basis, whereby the net long position of non defaulting CMs proprietary UINs would be offset against net short DFC position of Suspended Clearing Member. Likewise, net short position of non defaulting CMs proprietary UINs would be offset against net long position of Suspended Clearing Member.~~

b. The remaining net open long / short DFC position of the Suspended Clearing Member determined on the basis of proprietary and clients' UIN if any, after the allocation to proprietary UINs of the non defaulting CMs as explained in b above, shall then be offset against the net open position, long or short as the case may be, of investors' of the non-defaulting Clearing Members and its clients' on UIN basis having exposure in that particular security

<p>4a.6.2 The net profit or loss booked on the close out of the DFC position would be calculated by the Company.</p>	<p>proportionately, whereby net long position of non-defaulting Clearing Member and its Clients shall be offset, on UIN basis, against net short DFC position of Suspended Clearing Member and its Clients. Likewise, net short position of non-defaulting Clearing Members and its Clients shall be offset against net long position of Suspended Clearing Member and its Clients.</p> <p>c. All allocations made as per the mechanism provide in points "b" and "c" above will be based on rounded off to the nearest marketable lot size of a particular security at a maximum additional discount or premium of 155% of the last day closing price of the same contract in DFC Square-up market, as the case may be.</p>
<p>4a.7. Circumstances where Square-up process may not be initiated;</p> <p>4a.7.1 The net long / short position in DFC of a Suspended Clearing Member shall not be squared-up in accordance with Procedures 4a.1 to 4a.5, where CM has failed to pay MTM losses, margins or money obligation in accordance with Chapter 13 of NCCPL Regulations, 2015, two days before the Settlement Date of the open position in DFC market (i.e. last day of the contract). Under such circumstances the net open long / short position of Suspended Clearing Member in DFC will be closed out in accordance with Procedure 4a.6.</p> <p>4a.7.2 The net long/short position in DFC of a Suspended Clearing Member that will be settled earlier due to announcement of corporate entitlement shall not be squared-up in accordance with Procedures 4a.1 to 4a.5 where two days are left in the Settlement Date. Under such circumstances the net open long / short position of defaulting CM in DFC will be closed out in accordance with Procedure 4a.6.</p>	<p>No Change</p> <p>No change</p>
<p>4a.8 Profit arising from liquidation, square-up or close out</p> <p>The CM on whose account liquidation, square-up or close out-out is effected will, notwithstanding that he is in default, is entitled to profit which may arise by such processes.</p>	<p>No change</p>