



National Clearing Company of Pakistan Limited

8th Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/January-12/08

January 27, 2012

Approved Amendments in “NCSS Procedures” pertaining to Pre-Settlement Delivery (“PSD”)

Dear Clearing Members,

Please find attached herewith approved amendments in the **National Clearing & Settlement System (“NCSS”) Procedures** pertaining to the implementation of **Pre-Settlement Delivery (“PSD”)** through NCSS.

This is for your information and ready reference.

For any further clarification, please feel free to contact the **Customer Support Department** of your respective locations:

City	Telephone Number	Fax Number	Email
Karachi	021-32460811-19	021-32460827	helpdesk@nccpl.pk
Lahore	042-36280815-7	042-36280818	helpdesk@nccpl.pk
Islamabad	051-2895460-2	051-2895463	helpdesk@nccpl.pk

Regards,

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Badiuddin Akber
Head of Operations



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APPROVED AMENDMENTS IN NCSS PROCEDURES

3.10 Pre-Settlement Delivery

The Pre-Settlement Delivery (“PSD”) facility is available in NCSS whereby Clearing Members (“CM”) have an option to deposit net-sold securities per UIN-wise with the Company. Consequently, all his Margin requirement and MtM Losses to the extent of such tendered PSD shall not be taken into account by the relevant stock exchanges and NCCPL, while calculating margins requirements.

3.10.1 Pre-Settlement Delivery Transactions Mechanism in NCSS

- a) CMs who intend to avail this facility shall be required to enter the following details on NCSS Pre-Settlement Delivery Screen:
 - Pre-defined UIN of client/proprietary account in NCSS by concerned CM
 - Valid Market Type
 - Valid Trade Type
 - Valid Symbol Code
 - Valid CM/Trader ID (To be provided by affirming CM in case of BTB and IDS transactions)
 - Valid CDS Accounts (House or Sub-Account)
 - PSD Volume

- b) Through NCSS Pre-Settlement Delivery Screen, Clearing Members shall initiate PSD transactions against sold securities from their proprietary and/or client CDS accounts for Regular, Deliverable Future Contract and Debt Markets trades.

- c) CM will have an option to initiate such PSD transactions before or after the execution of trades within Designated Time Schedule.



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- d) For Regular and Debt Markets, Clearing Members shall be allowed to initiate PSD transaction on trading day, whereas, for Deliverable Future Contract, Clearing Members shall be allowed to initiate PSD transaction before SD-1 within the time specified in NCSS Designated Time Schedule.
- e) During the spot period, PSD facility shall not be available for 2 working days prior to the start of the book Closure date.
- f) PSD transactions can also be initiated by the affirming CMs on the basis of Non-Exchange Transactions affirmed through BTB and IDS (including custodian IDS) modules.

3.10.2 PSD Transaction Initiation Process

- (a) On the basis of relevant information as mentioned in 1 (a) above, CM are required to save / post the PSD transactions within Designated Time Schedule.
- (b) Initiating CM can cancel PSD transactions at any time before its posting.
- (c) If a saved PSD transaction is not posted within the specified time as per Designated Time Schedule on the Transaction Day, NCSS shall automatically drop it during End of Day (EOD) process from further processing.

3.10.3 Release of Pre-Settlement Delivery Transactions-Initiation Process

- a) PSD-Release Transactions shall only be allowed in NCSS until SD-1 for tendered PSD transactions, i.e. where securities are transferred into NCCPL's designated CDS account.
- b) For PSD-Release, CM shall be required to save/post the PSD-Release transactions within Designated Time Schedule.
- c) Such posted PSD-Release Transactions will be transmitted into NCSS through an automated mechanism. Accordingly, after due verification and necessary confirmation from the respective Exchanges or through NCSS, as the case may be, such transactions will be approved by the Company. Non-verified record(s) shall be rejected.



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- d) Accordingly, such posted PSD-Release transactions, duly approved by the Company, shall be transmitted to CDS for necessary delivery movement from NCCPL's designated CDS account to the respective CMs CDS house or sub-account.

3.10.4 Pre-Settlement Delivery Movement through CDS

- a) On the basis of posted PSD transactions, securities will be transferred from the respective CDS house or sub-account of the Clearing Members to NCCPL's designated CDS account on transaction date within Designated Time Schedule.
- b) However, In case of insufficient security balance in the respective CDS house or sub-account of the Clearing Members, no securities shall be transferred in to NCCPL's designated CDS account, and the status of such PSD transactions shall remain pending.
- c) Upon movement of securities into NCCPL's designated CDS account, posted PSD Transactions of Regular and Future Markets shall be transmitted to the respective Exchanges, as per the mechanism agreed from time to time, for necessary adjustment of all margin requirements; and
- d) Posted PSD Transactions in Debt Market shall be processed in NCSS for necessary adjustment of all margin requirements.

3.10.5 Handling of PSD Securities through NCCPL's designated CDS account

- a) In case of posted PSD transactions by the respective CMs, where securities have already been transferred into NCCPL's designated CDS account, required securities shall be moved from NCCPL's designated CDS account to the respective buyer CMs CDS accounts, in accordance with the details of Balance Orders delivery/receipt instructions as mentioned in clause 3.4.1.1 (b) of these Procedures.
- b) In case of posted PSD transactions moved into NCCPL's designated account is in excess of net-sold securities and it is not released through PSD-Release mechanism until SD-1, such excess PSD securities shall be returned to the respective CM's CDS house or sub-account in Available Status on the Settlement Date.



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- c) Posted PSD-Release transactions, duly approved by the Company shall be returned to the respective CM's CDS house or sub-account in Available Status on the respective transaction date.

3.10.6 PSD Data Transmission to Stock Exchanges

Based on the above said information processed by CMs, NCCPL will transmit PSD and PSD-Release transactions to the respective stock exchanges on various time intervals as per the mechanism agreed with the exchanges.

3.10.7 Risk Management of PSD and PSD-Release Transactions at Stock Exchanges

On the basis of details of PSD and PSD-Release transactions transmitted to the Exchanges by the Company, the exchange trading system, in accordance with its regulations, will check PSD position of CM's/UIN's for selling security. Upon system verification, all margin requirements (upto the extent of PDS security for each client/proprietary volume) shall be by-passed by Exchanges.

3.10.8 Risk Management of PSD and PSD-Release Transactions at Company

On the basis of details of PSD and PSD-Release transactions processed in NCSS, the Company, will check PSD position of CM's/UIN's for selling security. Upon system verification, all margin requirements (upto the extent of PDS security for each client/proprietary volume) shall be by-passed by the Company.