Process & FAQs on SLBM

➢ **Which securities are available for transactions in SLB**

Presently securities available for transactions in SLB are: All F&O securities + eligible Non F&O securities + Eligible Index ETF's.

➢ **How can I register as a participant in SLB**

Any existing member/custodian of CM segment can register as a participant in SLB. following are THE requirements for registering as a participant:

❖ Application in writing to NSCCL on letter head of the clearing member
❖ Enter into an agreement with NSCCL in the prescribed format which is referred to as "Part A" of the Master Agreement. The format for the agreement is provided in SLBM circular 10164 dated 30th Jan 2008
❖ Minimum deposit of Rs. 10 lacs to be given as demand draft favoring National Securities Clearing Corporation Ltd.
❖ Board Resolution for becoming a participant in SLB
❖ Open an account with CDSL for SLB settlement

➢ **How can I participate in SLB**

In case of lending and borrowing on behalf of clients the participant should enter an agreement with the client as prescribed. The participant is also required to obtain a UCI code for the client after which the client can lend and borrow in SLB The format for agreements and procedure for obtaining a UCI code is available in the SLBM circular 10164 dated 30th Jan 2008.

➢ **Who all can participate in SLB**

SEBI has permitted all categories of Investors viz. Retail and Institutional to participate in SLB.

➢ **How can a FII/MF register in SLB**

To register in SLB, the FII/MF needs to enter into an agreement with participants (members in CM segment) who are registered with NSCCL for SLB. The participant will obtain a Unique Client Id (UCI) for the FII/MF from NSCCL. The FII/MF also needs to appoint a custodian who will confirm and settle SLB transactions on behalf of the FII/MF. The custodian of the FII/MF shall obtain a Custodial Participant (CP) code for the FII/MF from NSCCL on providing requisite documents such as SEBI Registration certificate, PAN card copy etc. The format for

agreements and procedure for obtaining a UCI code is available in the SLBM circular 10164 dated 30th Jan 2008.

➢ **Is there any counterparty risk involved in SLB transactions at NSCCL?**

NSCCL acts as a central counterparty providing financial settlement guarantee for SLB transactions. NSCCL has a robust risk management system and collects adequate margins from participants to cover counterparty risks.

➢ **What is the tenure for SLB transactions?**

The tenure for SLB transactions is up to 12 months. 12 fixed monthly tenures with fixed reverse leg settlement dates are available for transactions in SLB. The fixed settlement dates are the first Thursday of the respective month and the date is displayed on the NEAT SLB trading screen at the time of order entry. Each month is assigned a series to it with January having series as 01 up to December having series as 12.

➢ **What is the settlement cycle for a SLB Transaction?**

❖ **T Day:** The Transaction is executed on T Day between the lender and borrower.
❖ **T+1 day:** The Lenders are required to deliver the securities for pay-in on T+1 day. Securities are thereafter transferred to the borrowing participants during pay-out on T+1 day. The borrower shall bring the lending fee on T+1 which shall be passed on to the lender in the funds pay-out.

➢ **Reverse leg settlement date:** The borrower needs to deliver the securities at the time of pay-in which shall be returned back to the lender during the pay-out.