



**CIRCULAR**

CIR/MRD/DP/ 39 /2010

December 28, 2010

To,

All Stock Exchanges,

Dear Sir/Madam,

**Subject: Activity schedule for Auction Session**

As per extant practice, in case of default by the selling broker in a settlement, the security delivered short is bought in the auction session and is delivered to the buying broker on T+4 day.

In order to reduce the time involved in delivering the shares to the buying broker, in case of default, it has been decided to conduct the auction on the same day of the settlement, after the pay-in is completed. i.e. the auction for trades done on T day shall be conducted on T+2 day after pay-in is completed and shortfall is crystallized.

The activity schedule as under shall be applicable with effect from February 1, 2011:

Rolling settlement for T day trade

S. No.	Day	Description of activity
1	T	Trade Day
2	T+2	Pay-in/Pay-out of securities and funds

Auction settlement for T day trade

3	T+2	Auction session
4	T+3	Pay-in/pay-out and close-out of auction

However, as the bank and stock exchange holidays are not common there are days when multiple settlements are conducted on the working day immediately following the day(s) of the closure. On such days when multiple settlements (say S<sub>1</sub> and S<sub>2</sub>) are conducted on the same day (say T<sub>m</sub>) the auction session shall be as under:



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

1. The auction of first settlement ( $S_1$ ) shall be conducted on the same day ( $T_m$ ) and settled the next day ( $T_{m+1}$ ).
2. The auction for the second settlement ( $S_2$ ) shall be conducted on the next day ( $T_{m+1}$ ) along with the shortages/auction of that day. The settlement of the same shall happen on the subsequent day ( $T_{m+2}$ ).

The Stock Exchanges are advised to:

- i. put in place the adequate systems and issue the necessary guidelines for implementing the above decision.
- ii. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above
- iii. bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their website.

This circular is being issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.

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**CC: To all Depositories**