



**National Clearing Company of Pakistan Limited**

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

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**NCCPL/CM/MAY-22/05**

**May 13, 2022**

**Implementation of Approved Amendments in NCCPL Regulations pertaining to “Next Day Netting Facility (NDF)”**

**Dear Clearing Members (CMs),**

This is with reference to our Circular No. **NCCPL/CM/MARCH-22/08** dated **March 07, 2022** regarding implementation of approved amendments in NCCPL Regulations 2015 pertaining to NDF along with detailed overview of its functionality and allied benefits.

In this respect, we are pleased to inform that the NDF shall be made available to Clearing Members effective from **May 16, 2022**.

It may please be noted that NDF is an optional facility which will be allowed to those CMs that have registered/applied for NDF and having clearing payable in current settlement date (“SD”) and net receivable on next SD immediately following the NDF transaction date. Brief overview/understanding document is attached as “**ANNEXURE - A**”.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN # 021-111-111-622 or visit our website [www.nccpl.com.pk](http://www.nccpl.com.pk).

**Regards,**

**sd**

**Muhammad Asif**  
**General Manager /HOD - Operations**

**CC:**

1. Executive Director/HOD - Policy, Regulation and Development Department - SMD Securities & Exchange Commission of Pakistan - Islamabad
2. Chief Executive Officer - Pakistan Stock Exchange Limited
3. Chief Executive Officer - Central Depository Company of Pakistan Limited
4. Chief Executive Officer - Mutual Fund Association of Pakistan
5. Chairman - Pakistan Banking Association
6. Pakistan Stock Brokers Association

**ANNEXURE “A”**

**NEXT DAY NETTING FACILITY- Brief Overview**

**Key Features:**

- NDNF is an optional product which may enable a Clearing Members that have net purchase on a trade day and net sale position on the next day, to net the money obligation and eliminate its one-day funding obligation.
- It will be limited to the extent of availability of funds at NCCPL’s disposal against the future receivable of the Clearing Members in NCSS.
- It will be made available on daily basis to all those CMs having clearing payable in current settlement day (“SD”) and net receivable on next following Settlement Date.

**Operational Model:**

- A separate Chapter 7F has been included in the NCCPL Regulations, 2015 to include related provisions.
- The NDNF transaction can be done by CM for itself or client on T+1 through NDNF Module in NCSS after close of trading session;
- NDNF Request can only be initiated for the net money obligations due for settlement on the Settlement Date immediately following NDNF Transaction Date;
- NDNF Transaction Value cannot exceed the net credit of the NDNF Participant or its client on the Settlement Date falling next after the Settlement Date immediately following the NDNF Transaction Date.
- The net credit of NDNF Participant or its client shall be calculated based on the current market value of relevant securities.
- NDNF Participant may initiate an NDNF Request in respect of all or part of its own net buy securities or the net buy securities of a client.
- Value of net purchased securities will be based on current day’s Closing Price after applying Haircuts which shall be minimum 25% or VaR based haircut whichever is higher.
- An NDNF Participant cannot avail NDN Facility for its own net buy securities against the net credit obligations of any of its clients and vice versa.
- The Company shall specify the amount of NDNF available on each Trade Date in NDNF Module within DTS.
- The NDNF Request shall be processed on “first come first served” basis to the extent of Available NDNF Amount.

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**EXAMPLE – NDNF Amount Computation:**

Trade Date	Settlement Date	Symbol	Delivery Receivable Value (based on current days closing price)	VaR	Haircut applicable	Revised value after haircut (25% or VaR whichever is higher)
01-dec-2020	03-dec-2020	PSO	100,000	10%	25%	75,000
		PPL	400,000	25%	25%	300,000
		<b>NDNF Available</b>				

**EXAMPLE 1 – Limit of NDNF Transaction Value**

Trade Date	Settlement Date	Settlement Amount	Settlement Value after Haircut	NDNF Limit
01-dec-2020	03-dec-2020	500,000 dr	<b>375,000 dr</b>	<b>375,000/-</b>
02-dec-2020	04-dec-2020	600,000 cr	600,000 cr	

**EXAMPLE 2 - Limit of NDNF Transaction Value**

Trade Date	Settlement Date	Settlement Amount	Settlement Value after Haircut	NDNF Limit
01-dec-2020	03-dec-2020	200,000 dr	140,000 dr	<b>100,000</b>
02-dec-2020	04-dec-2020	100,000 cr	<b>100,000 cr</b>	