



FAQs on NSE International Exchange (NSE IX)

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I. General Questions

1. What is NSE IX?

NSE IX (NSE International Exchange) incorporated on November 29, 2016, is a fully owned subsidiary company of National Stock Exchange of India Limited (NSE). NSE IX is currently regulated by IFSCA. Stock exchanges operating in the GIFT City are permitted to offer trading in securities in any currency other than the Indian rupee. Accordingly, NSE IX which launched trading on June 5th, 2017, offers USD denominated trading in various products.

NSE IX Limited offers trading in various products including index derivatives, stock derivatives, currency derivatives, commodity derivatives and debt securities.

2. What is NSE IX – SGX Connect?

NSE IX-SGX Connect is a collaboration between the NSE and the Singapore Exchange (SGX) to build stock index-based products from GIFT city and to bring global investors to India. NSE IX-SGX Connect presents an innovative pathway for international investors to participate in India's growth story. Through SGX Group's unique trading infrastructure in GIFT City, investors in India and around the world can now trade Nifty contracts listed on NSE IX seamlessly and efficiently with global risk-management and clearing standards. Investors also have real time access to NSE IX market data.

The Connect enables orders from SGX Group's trading members to be routed to NSE IX for trading and execution, with clearing and settlement through NSE IX Clearing Corporation Ltd. and SGX Group's Derivatives Clearing as the central counterparty.

3. How does this connect model will work?

This model brings together NSE IX participants and SGX participants to create a bigger liquidity pool for Nifty products on NSE IX.

SGX India Connect IFSC ("SGX-ICI"), a special purpose vehicle and a SGX wholly owned subsidiary incorporated in India, will route SGX members' orders on Nifty Contracts to NSE IX for trade matching. Trades executed through SGX on NSE IX are cleared on NICCL and simultaneously cleared on SGX-DC as a central counterparty for SGX Clearing Members. SGX-DC Members will be subject to SGX-DC clearing infrastructure and risk management.

For more details on working of connect model, member can refer the NICCL circular no. 506 which can be accessed through above link https://www.nseix.com/api/content/circulars/NICCL_RMS_506.pdf

4. By when NSE IX – SGX Connect model will be fully operationalizing?

Full-scale operation of the NSE IX-SGX Connect ("Connect") with the transition of SGX Nifty derivatives to NSE IX will take place on **3 July 2023**. Following the transition, all US dollar denominated Nifty derivatives contracts will be exclusively traded on NSE IX.

5. What are products available under this connect?

Members are requested to note that the Futures & Options on the following Equity indices shall be available initially to trade for the NSE IX – SGX Connect:

- Nifty 50
- Bank Nifty

6. What are the other products available for trading at NSE IX?

NSE IX has as bouquet of the products available for trading on its platform and all Contract are traded and settled in US Dollar.

Single Stock Future & Options	Equity Indices Future & Options	Commodities Futures	Currency Futures & Options	Depository Receipts	US Stocks [^]
150 Indian Stocks	Nifty 50 Index* Nifty Bank Index Nifty IT Index FINNIFTY Index	Gold (10 troy ounce) Silver (500 troy ounce)	INR-USD QINR-USD AUD-USD CHF-USD EUR-USD GBP-USD JPY-USD	Dr Reddy's Lab	50 US Stocks

*LES Available

[^]In the form of Un-sponsored Depository Receipts under IFSCA Regulatory Sandbox

7. What are contract specifications of the available products?

Contract Specifications of these products are available on the NSE IX website under Market segment or member can refer to the circular no. 904. Below link can be referred for accessing the circular https://www.nseix.com/api/content/circulars/NSE_IX_TRADE_904.pdf

8. What will be the market timings?

Market Timings for trading hours starts at 06:30* a.m. to 02:45 a.m. (next day). Indian Standard Time. Timing details for various products are available on NSE IX website and same can be access through below link: <https://www.nseix.com/markets/trading/tradinghours>

*Pre Open Time 06:15 Am

9. What are the costs involved in the trading Gift Nifty contract through this connect?

With effect from 3rd July 2023, below mentioned cost applicable at NSE IX on Gift Nifty Futures & Options:

Particular	Cost
Exchange Transaction Charges – Gift Nifty Futures	Prop- \$0.40 / Client - \$1.50 per lot
Exchange Transaction Charges – Gift Nifty Options	Prop- 0.05% / 5 basis point of Option Premium Client - 0.10% / 10 basis point of Option Premium
IFSCA Turnover Fee	0.00010% of the turnover
Stamp Duty	Not Applicable
STT	Not Applicable
Investor Protection Fund	Not Applicable

10. Who is eligible to trade in products available at NSE IX?

Any trading member Indian / foreign registered or non-registered with their domestic regulator by setting up its office through subsidiary/ branch model can start trading in the Gift Nifty products by taking membership of NSE IX.

Participants like Non- Resident Indians (NRIs), Foreign Portfolio Investors (FPIs) and Eligible Foreign Investors (EFIs) can trade in these products by becoming the client of trading member of NSE IX.

Indian retail investors can only invest in NSE IX receipts (US Stocks) under LRS route by becoming the client of trading member of NSE IX.

11. Who qualifies as an Eligible Foreign Investor (EFI) ?

EFI is a foreign investor who is not registered as FPI with SEBI in India however is eligible to invest in IFSC by satisfying the following conditions:

- i. The investor is not resident in India.
- ii. The investor is not resident in a country identified in the public statement of Financial Action Task Force as:
 - A jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - A jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
- iii. The investor is not prohibited from dealing in securities market in India.

For More Information on NRIs, please visit <https://www.nseix.com/membership/faq-nri>

12. What is the procedure for EFIs and NRIs to start trading on NSE IX?

No prior approvals are required for NRIs to trade in the above products. However, the Trading Member/Stock Broker of the NRI is required to upload the Unique Client Code (UCC) of the NRIs before commencement of trading. For More Information on NRIs, please visit <https://www.nseix.com/resources/membership-faqs>

13. What are technology solutions available at NSE IX?

State-of-the-art facilities for colocation services available for participation of member. Of this service the first half rack of server is available free of cost to its member on fulfillment certain trading requirement. For rack charges member can refer the circular no. 1201 for more details, circular can be access through the below link: https://www.nseix.com/api/content/circulars/NSEIX_BD_1201.pdf

II. Memberships Compliance

14. What is the membership process at NSE IX?

Membership process of NSE International Exchange/NSE International Clearing is detailed below:

1. Apply for SEBI and IFSCA NOC
2. Set up office and incorporate subsidiary at Gift IFSC
3. Obtain approval of KA-SEZ (Kandla Special Economic Zone) development commissioner
4. Remit Fund (from parent entity to subsidiary) for Net worth Creation.
5. Apply for NSE IX Membership

For more details on please visit <https://www.nseix.com/membership/gettingstarted-ifsc>

15. What are requirements for foreign entities interested in NSE IX memberships?

Any foreign entity can apply for NSE IX membership on fulfilling below conditions:

- The entity is from a Financial Action Task Force (FATF) compliant jurisdiction.
- The entity is a stockbroker regulated by a securities market regulator in its home jurisdiction.
- The entity has adequately ring fenced the operational, technology and financial aspects of its branch in IFSC from its overseas operations.
- The entity is required to obtain a certificate of registration from the IFSCA prior to the commencement of operations.
- The trading servers of the entity shall be located within the IFSC.
- Such an entity is required to have a Designated Director/Compliance Officer for ensuring timely execution of compliance and regulatory reporting function.
- Any foreign entity setting up branch or entity shall comply with net worth and capital requirement as per regulation 5 and 6 of IFSCA (Capital Market Intermediaries) Regulations, 2021. For more details please refer circular : <https://ifsc.gov.in/Legal/Document/Legal/21-ifsc-capital-market-intermediaries-regulations-202122102021102202.pdf>

16. What is the process to open trading account with registered trading members in GIFT IFSC?

For Client Account Opening, trading members are advised to refer circular no. NSE IX_REG_799 dated March 02, 2022. Link for the circular shared as follows: https://www.nseix.com/api/content/circulars/NSE_IX_REG_799_0.zip

17. What is the process of onboarding clients?

Before commencement of trading by the client, trading members are required to allocate a unique client code (UCC) to the client and submit the UCC details of the client to the Exchange. For the said purpose, the exchange has provided facility of web-based UCI portal which the members can access at https://e2n.NSE_IX.com/uci/rest/login

For the detailed process with regards to upload of UCC details to the Exchange, members can refer to the circular which is available at the following link: https://www.nseix.com/api/content/circulars/NSE_IX_REG_757.zip

18. What are the compliance requirements that members need to comply?

All the members are required to fulfil various compliance requirements. For the required compliances, members are requested to refer the compliance calendar provided on our website. Link for the same can be accessed at: <https://www.nseix.com/membership/compliance-for-trading-members>

III. Trading System

19. What are the trading systems offered by exchange?

Exchange offers a trading front-end 'NEAT' for trading. However, if the member wants to customize the trading front-end according to his requirements, the member can do so and can develop a non-NEAT front-end (NNF). This facility is available to the trading member of the exchange. Member can refer the more about NEAT by visit the following link : <https://www.nseix.com/membership/platformservices-ifsc>

For NNF, NOTIS, Market Data, Tick By Tick and Drop copy protocols, please refer <https://www.nseix.com/technology/tradingprotocol>

20. What are the other platforms available to trading member?

The Exchange has made available the CTCL / Direct Market Access (DMA) /Algorithm Trading (ALGO)/ Internet Based Trading (IBT) / Securities Trading through Wireless Technologies (STWT) to the Trading Members, subject to such terms and conditions as specified by the Exchange from time to time in the scheme governing the use of such facilities.

Member can refer the more about platforms by visiting the following link : <https://www.nseix.com/membership/platformservices-ifsc> and through circular issued from time to time.

21. What connectivity solutions are provided by exchange to trading members?

In keeping up with the global trends and in continuation of service excellence, the Exchange is facilitating its members to co-locate their NNF infrastructure at NSEIX premises. Features of colocation facility and charges applicable for colocation facility shall be available on: <https://www.nseix.com/membership/membership-connectivity>

22. List of the vendors for technology solutions.

Below Service providers are available at NSE IX:

- Independent Service Provider (ISVs)
- Independent Network Carrier (INCs)
- Application Service Provider (ASPs)
- Colocation Service Provider (CaaS)

Please refer below link for list of vendors registered with the Exchange <https://www.nseix.com/technology/independentvendor>

23. What are the different types and access provisions for market data provided by the Exchange?

NSE IX provides below types of market data to its registered Trading Members:

- Tick by Tick data by Multicast (MTBT)
- Market Data for Price & Volume (5 depth)
- Trade Execution Range Broadcast

Trading Members of NSE IX can access such market data through below provisions:

- From member's rack in Co-location
- Through direct leased line for non-co-location members

IV. Risk Management and Collateral

24. What is initial margin payable to the members for trading?

Initial margin (Standard Portfolio Analysis of Risk (SPAN®)) shall be payable on all open positions at the client level and shall be payable upfront by Clearing Members in accordance with the margin computation mechanism and/ or system as may be adopted or as may be decided by the Clearing Corporation from time to time. Current margin shared below are subject to market volatility.

Products	Minimum Initial margin (%)
Index Derivatives	5.5
Single Stock Derivatives	10
Currency Derivatives	1.75 for INR pairs and 3.25 for remaining pairs
Commodity Derivatives	6 for Gold and 9 for Silver
NSE IX Receipts	15

25. What is the exposure margin available to members on the various products?

Below table can be referred for the exposure margins on various products

Products	Exposure margin (%)
Index Derivatives	0.50% of the notional value (except For Long dated option contracts - 5.0 % deep OTM strikes - 3%)
Single Stock Derivatives	2.50% of the notional value
Currency Derivatives	0.25% of the notional value
Commodity Derivatives	0.50% of the notional value
NSE IX Receipts	3% of the value of open position based on latest available trading price

26. What is the process of client margin reporting?

Clearing Members (CMs) and Trading Members (TMs) are required to collect upfront margins from all their Trading Members/ Constituents. It shall be mandatory for all clearing/ trading members to report details of such margins collected. The sign off date shall be 5 working days after the trade date i.e., members are allowed to upload client margin reporting file up to T+5 working days. A return file is generated for all client margin reporting files uploaded by members.

27. What are accepted collateral by clearing corporation?

Below is the list of the accepted Collaterals.

- Cash
- Fixed Deposit Receipts (FDRs) issued by approved banks.
- Bank Guarantee (BG), issued by approved banks.
- US Treasury Bills (up to Tenure of 1year)

The liquid assets comprise of the cash component and the non-cash component wherein the cash component shall be at least 50% of liquid assets.

28. List of Empanelled Banks with Clearing Corporation.

Empanelled Clearing Banks

1. Axis Bank Ltd. (IBU)
2. HDFC Bank Ltd. (IBU)
3. ICICI Bank (IBU)
4. IndusInd Bank (IBU)
5. Kotak Mahindra Bank (IBU)
6. The Hongkong and Shanghai Banking Corporation Ltd.