

National Stock Exchange of India Limited

Circular

Department: MEMBER SERVICE DEPARTMENT	
Download Ref No: NSE/MSD/61499	Date: April 05, 2024
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All Members,

Sub: Colocation - Revision in rack allotment procedure

This circular is issued in modification to Section II. B. 6. of Exchange circular NSE/MSD/57389 dated June 30, 2023, and changes communicated vide circular NSE/MSD/61358 dated March 27, 2024.

Members are requested to note the below changes in the rack allotment procedure:

Exchange shall now maintain 4 separate waitlist queues for rack desire requests received.

- a. 1st Waitlist - Requests submitted by members for FPI/FII clients
- b. 2nd Waitlist - New / Prospective members
- c. 3rd Waitlist - Existing members with less than X number of racks allotted (any variant)
- d. 4th Waitlist - Existing members with X or more than X number of racks allotted (any variant)

A. Rack desire request by members for new FPI/FII clients:

1. Members applying for additional racks to host New FPI / FII clients (currently not trading from NSE colocation facility through any member) shall be included in the 1st waitlist and waitlist number shall be allotted to the request on FIFO basis.
2. Rack desire requests submitted only through 1st member for only first 3 rack desire requests (any rack variant) for an FPI/FII client shall be considered in the 1st waitlist.
3. Members will be required to submit a request letter as per Annexure 1 providing details of the client along with letter from the client as per Annexure 2. (to be submitted within T+2 working days of the rack desire request submission date)
4. Member shall not be allowed to modify the client details for the pending rack desire request once submitted.
5. Subsequent rack desire request submitted for the same FPI / FII client by the member shall be included in waitlist queue of existing members. In such case member need not specify the details of the FPI / FII client.

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B. Rack desire request for new/prospective members:

1. Any member who is currently not holding an active rack / rack desire at the time of submission of new rack desire request is considered as new member from perspective of Co-location facility and all rack desire requests submitted on the same day shall be included in the 2nd waitlist. A waitlist number shall be allotted to the request on FIFO basis.
2. Only first 10 rack desire requests (any rack variant) submitted by member on the same day shall be considered for inclusion in the 2nd waitlist.
3. Rack desire requests submitted subsequently by new/ prospective members shall be added to the waitlist queue of existing members.

C. Rack desire request for existing members:

1. Exchange shall maintain separate waitlist queues for Members having less than 10 racks (any rack variant) and members having 10 or more racks allotted (any variant).
2. Members having less than 10 racks (any rack variant) shall be included in 3rd waitlist and members having more than 10 racks (any rack variant) shall be included in 4th waitlist. A waitlist number shall be allotted to the request on FIFO basis in the respective waitlist queue.
3. In case a member who holds less than 10 racks applies for additional racks, the rack desire requests submitted by the member will be included in the 3rd waitlist till the count of rack (i.e. Rack allotted + rack desire request) reaches 10 racks (any rack variant).
4. Additional rack desire requests submitted by member above 10 count of rack (i.e. Rack allotted + rack desire request of any variant) will be included in the 4th waitlist.
5. In case a member who holds more than 10 racks any variant and also has pending rack desire request under 4th waitlist, surrenders few racks wherein his holding comes down to less than 10 racks, such rack desire request shall continue to remain in the 4th waitlist without any change in the waitlist number.

With respect to A, B and C, Members are also requested to note the following:

- Complete rack desire requests received shall be considered for allocating racks on first come first served basis based on the revised waitlist queues.
- For rack desire requests submitted by member for a FPI / FII client, Members will be required to submit a request letter as per Annexure 1 providing details of the client along with letter from the client as per Annexure 2. (to be submitted within T+2 working days of the rack desire request submission date)
- All existing rack desire request submitted by members shall be bifurcated as per the 4 categories / wait lists mentioned above and a new waitlist number shall be allotted based on FIFO basis of rack desire submission request date.

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D. Reservation of available racks to respective waitlist

1. All available racks for allotment shall be earmarked for respective waitlists as follows:
 - a. 15 % of available racks shall be allocated to 1st Waitlist applicable for FPI / FII client
 - b. Next 15 % shall be allocated to waitlist maintained for rack desire requests submitted by new/prospective members as per the 2nd Waitlist
 - c. Next 25 % shall be allocated to waitlist maintained for rack desire requests submitted by Existing members with less than 10 racks allotted (any variant) as per 3rd waitlist.
 - d. Remaining 45 % shall be allocated to waitlist maintained for rack desire requests submitted by Existing members with 10 or more than 10 racks allotted (any variant) as per 4th waitlist.
2. Complete requests received (along with prescribed rack deposit/charges) through rack desire module will be considered for provisioning for allocating racks in future on first come first served basis in the respective waitlist category.
3. Once new rack capacity is created or some capacity becomes available due to surrender of racks by any of the existing members, based on the earmarked available racks for respective waitlist; an email alert shall be sent to members listed in the rack desire module of the respective waitlist, sequentially informing them about the availability of racks and requesting them to submit the rack allotment request through ENIT. Such email alerts shall be sent sequentially to members irrespective of the rack variant available and variant requested by the member in the module.
4. Participants are required to procure the provisioned rack by submitting the rack allotment request via ENIT within 3 working days from the date of such email alert.
5. Participants have an option to pass the available rack if they do not wish to subscribe for the same only if the rack variant available and variant requested in the rack desire are different. The same needs to be communicated via ENIT within 3 working days from the date of such email alert.
6. In case no action is taken by the participant as mentioned in the above point within the prescribed timeline, the deposit amount collected shall be forfeited and such rack desire request shall be deemed rejected.
7. If the participant selects Pass option, the email alert shall be sent to the next participant in the rack desire list of the respective waitlist for subscribing the rack.

Note –

- Racks are made available on account of surrender of rack by existing members in colocation facility or in case new inventory is added to the existing capacity.
- For the purpose for earmarking available racks to a particular waitlist, the same shall be converted to Half Rack Equivalent (HRE) and then earmarked to respective waitlist.

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- The % quota specified above is indicative due to the fact that Exchange currently has 3 rack variants i.e. Full, Half and Quarter for which members submit the rack desire request and exact % distribution may not be feasible. However, the same shall be considered as guiding principle for provisioning for allotment.
- Accordingly, the provisioning for allotment to respective waitlist category shall be in absolute count of racks and it may exceed or be of lower percentage than as defined above.
- Once the available racks are earmarked for a waitlist and there is a scenario where there is no rack desire request pending for allotment within the waitlist, the available racks earmarked within the waitlist will not be available to any other waitlist. Such count of HRE racks will continue to be available for future rack desire applications within the waitlist. This shall be reviewed by the Exchange from time to time.

Further, modification to Section II. B. 8. of Exchange circular NSE/MSD/57389 dated June 30, 2023, communicated vide circular NSE/MSD/61358 dated March 27, 2024, continue to be applicable. Same reproduced for reference.

- a. Currently participants are allowed to cancel the rack desire request in the same calendar month in which the request is submitted, and advance deposit collected, if any is refunded else the entire amount collected is forfeited.
- b. Based on feedback from market participants in event wherein Exchange is unable to provision racks of desired rack type within the prescribed timelines (i.e. on or before 6 months starting from the following month of submission of rack desire request), the participants will be allowed to submit a cancellation request for such rack desire request. Request should be submitted as per format Annexure 3.
- c. In such a scenario wherein in cancellation of rack desire request is received due to non - provisioning of racks of desired rack type within the specified timelines; the deposit amount received against the request shall not be considered as forfeited and shall be credited back to the colo participant.
- d. Further the rack desire request status shall be updated as cancelled and such request shall be excluded from the wait list.

Further, modification to Section II. B. 10 of Exchange circular NSE/MSD/57389 dated June 30, 2023, communicated vide circular NSE/MSD/61358 dated March 27, 2024, continue to be applicable. Same reproduced for reference.

Participants who have procured racks are directed to commence operations/trading from the said racks within 6 months from the date of allotment.

Exchange strongly advises all its Co-location participants to:

- a. Surrender the unused racks, if any.
- b. Consider consolidation of procured racks, if feasible.

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c. Use the racks space for server placement optimally.

The changes as communicated above shall be effective from April 05, 2024.

For and on behalf of
National Stock Exchange of India Limited

Bharat Gandhi
Chief Manager

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Disclaimer:

Participants desirous of availing Co-location facility or who have already subscribed to Exchange's Co-location facility shall have to strictly abide by the Co-location access policy, Guidelines (updated from time to time) and Circulars, at all times. Additionally, all communications/ instructions/ circulars/ directions from the Exchange have to be complied with in this regard. Any non-compliance shall invite disciplinary action by the Exchange which will be in accordance with Exchange Byelaws, Rules and Regulations.

Participants are requested to note that Exchange will provide co-location facility on a best effort basis and shall not be responsible for any direct/indirect/consequential loss/damage/claim of any kind for any reason whatsoever including but not limited to power failure, air conditioning failure, system failure and loss of connectivity etc. Further, the Exchange shall not be liable for discontinuation of co-location facility owing to legal and/or regulatory requirement. Colo participants are requested to note that the Exchange Co-location facility does not have a separate BCP / DR site and Co-location is not available in the Exchange's DR facility. Considering the current technology intensive environment in which Indian Securities market operates, to ensure stability in operations of colo participants and to protect the interest of investors and market at large, colo participants are advised to sufficiently review all potential risks along with its impact on the business and put in place Business Continuity Planning (BCP)/Disaster Recovery (DR) systems.