

# National Stock Exchange of India Limited

Circular

Department: MEMBER SERVICE DEPARTMENT	
Download Ref No: NSE/MSD/62932	Date: July 13, 2024
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All Participants,

## Sub: Colocation - Revision in rack allotment procedure

This circular is issued in partial modification to Section II. B. of Exchange circular NSE/MSD/61829 dated April 30, 2024. Members are requested to note the revised rack allotment procedure under Section II. B. is as mentioned below:

### B. Rack allotment process:

1. Exchange has provided electronic member interface 'ENIT' to participants for submission of all requests detailed in the circular pertaining to Co-location facility.
2. Participants intending to procure a rack shall be required to place rack allotment application via ENIT and subscribe to rack of their choice, if available. In case non-availability of racks, participants can submit a rack desire request through the same ENIT path.
3. On submission of rack desire request:
  - i. Deposit amount equivalent to 50% of the rack charges shall be payable within 2 working days till 3.30 pm from the request submission date. The said amount shall be collected from members Exchange dues account.
  - ii. A request shall be considered complete only if the requisite payment is received within the prescribed timeline.
  - iii. An estimated timeline for provisioning of rack shall be communicated to participants on processing of such request.
4. On provisioning of rack against a desire request:
  - i. Participants shall be informed via separate email alert.
  - ii. Participants shall be 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.
  - iii. Participants will 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.

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5. In case no action is taken as mentioned in point 4 within the prescribed timeline, the deposit amount collected shall be forfeited and such desire request shall be deemed rejected. Further, no request for extension of timeline shall be considered.
6. Participants are requested to read the user manual before submitting the request on ENIT. The same is available on ENIT (Co-location module path).
7. Member shall follow the existing process for user id as per Exchange circulars issued and updated from time to time.
8. Separate waitlist queues shall be maintained by the Exchange for rack desire requests received.
  - a. 1<sup>st</sup> Waitlist - Requests submitted by members for FPI/FII clients or Domestic Investors.
  - b. 2<sup>nd</sup> Waitlist - New / Prospective members
  - c. 3<sup>rd</sup> Waitlist - Existing members with less than X number of racks allotted (any variant)
  - d. 4<sup>th</sup> Waitlist - Existing members with X or more than X number of racks allotted (any variant)

**a. 1<sup>st</sup> Waitlist - Rack desire request by members for new FPI/FII clients or Domestic Investors:**

1. Members applying for additional racks to host New FPI / FII clients / Domestic Investors (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 clients / Domestic Investors shall be considered in the 1st waitlist.
3. Members who wish to apply for racks desire request for FPI / FII clients will be required to submit a request letter as per Annexure 1 providing details of the FPI / FII clients 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. Members can also apply for racks for Newly registered or Prospective FPI / FII client.
5. Members who wish to apply for racks desire request for Domestic Investor will be required to submit a request letter as per Annexure A providing details of the client along with letter from the client as per Annexure B. (to be submitted within T+2 working days of the rack desire request submission date).
6. Member shall not be allowed to modify the client details for the pending rack desire request once submitted.
7. Subsequent rack desire request submitted for the same FPI / FII client / Domestic Investor 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 / Domestic Investor.
8. In case any statement declared by member / client is found to be false the Exchange shall cancel the rack desire request / rack allotment against such rack desire request without intimation to member / client and the deposit amount if any shall be deemed forfeited.
9. Points to be noted while applying for racks for FPI / FII clients / Domestic Investors

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- Members should surrender the rack allotted in case the client does not start utilizing the rack within 6 months of allotment.
- In case the FPI/FII client / Domestic Investor dissociates with the member, the member should surrender the racks back to the Exchange.

### **b. 2<sup>nd</sup> Waitlist - 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. Provisional members (members in the process of seeking membership registration of the Exchange and have been offered provisional membership) who wish to procure racks in Co-location may apply to the Exchange in physical format and email on [msm@nse.co.in](mailto:msm@nse.co.in)
4. Rack desire requests submitted subsequently by new/ prospective members shall be added to the waitlist queue of existing members.
5. Prospective members will be required to submit a physical form as per Annexure 3 (Rack Desire) and Annexure 4 (Rack Allotment) and email on [msm@nse.co.in](mailto:msm@nse.co.in)

### **c. 3<sup>rd</sup> and 4<sup>th</sup> Waitlists - 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 aforesaid waitlist queues.

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- For rack desire requests submitted by member for a FPI / FII client / Domestic Investor, Members are required to submit a request letter as per the Annexures mentioned point B. a, sub-points 3 and 5. within T+2 working days of the rack desire request submission date.
- A waitlist number shall be allotted to all existing rack desire request submitted by participants bifurcated as per the 4 categories / wait lists mentioned above. The waitlist number shall be allotted based on FIFO basis of rack desire submission request date.

### **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 1<sup>st</sup> waitlist applicable for FPI / FII client / Domestic Investor.
  - b. Next 15 % shall be allocated to waitlist maintained for rack desire requests submitted by new/prospective members as per the 2<sup>nd</sup> 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 3<sup>rd</sup> 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 4<sup>th</sup> 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 participants, based on the earmarked available racks for respective waitlist; an email alert shall be sent to participants 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 participants irrespective of the rack variant available and variant requested by the participant 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.

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### 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.
- 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.

### e. Cancellation of rack desire request

- 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.
- Participants shall be eligible for refund, if such cancellation is requested to avail a cross connect facility.
- 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 5.
- 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.
- Further the rack desire request status shall be updated as cancelled and such request shall be excluded from the wait list.

Participants who have procured racks are directed to commence operations/trading from the said racks within 6 months from the date of allotment. In case the member or FPI/FII client fails to commence usage of racks within 6 months of allotment, Exchange will cancel the said allotment and the next allotment will be done after a cooling period of 6 months.

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Exchange strongly advises all its Co-location participants to:

- a. Surrender the unused racks, if any.
- b. Consider consolidation of procured racks, if feasible.
- c. Use the racks space for server placement optimally.

Except the changes/modification mentioned in this circular, all other details as communicated in the Exchange circular NSE/MSD/61829 dated April 30, 2024 remain unchanged. The changes as communicated above shall be effective immediately.

**For and on behalf of  
National Stock Exchange of India Limited**

**Bharat Gandhi  
Chief Manager**

<b>Toll Free No</b>	<b>Email id</b>
1800-266-0050 (Option 1)	<a href="mailto:msm@nse.co.in">msm@nse.co.in</a>

**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.