



THE CLEARING CORPORATION OF INDIA LTD

**NOTIFICATION**

**RUPEE DERIVATIVES SEGMENT**

**Derivatives Department -Rupee Derivatives (Guaranteed Settlement)**

**Date: 14<sup>th</sup> February, 2023**

**Notification No.: CCIL/DRV/IRS/23/03**

To

All Members

Rupee Derivatives (Guaranteed Settlement) Segment

**Changes to the Regulations of Rupee Derivatives (Guaranteed Settlement) Segment.**

Members are hereby advised that necessary changes to Rupee Derivatives (Guaranteed Settlement) Segment Regulations have been made for commencement of guaranteed settlement services in respect of Interest Rate Swaps (IRS) trades referenced to **Modified MIFOR** benchmark. Additionally, changes to the Regulations have been made to facilitate the transition of legacy MIFOR swaps to Modified MIFOR swaps.

The changes effected to the Regulations of the Rupee Derivatives Segment are enclosed as Annexure. The updated Regulations are available on our website ([www.ccilindia.com](http://www.ccilindia.com)) under Membership section and shall be effective from **3<sup>rd</sup> April, 2023**.

Yours faithfully,

**For The Clearing Corporation of India Ltd.,**

**Sd/-**

**Managing Director**



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Annexure to Notification No. CCIL/DRV/IRS/0223/

**THE CLEARING CORPORATION OF INDIA LIMITED**

**CHANGES TO REGULATIONS  
(Rupee Derivatives Segment and Rupee Derivatives (Guaranteed  
Settlement) Segment.**

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**DEFINITIONS**

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**14) Effective Date:** Effective Date is the date on which the parties to the Rupee Derivative contract begin calculating accrued obligations, such as fixed and floating interest payment obligations. The Effective Date shall be the first Mumbai Business Day (excluding Saturday) after the Trade Date for all the benchmarks except for the “INR-MIFOR/**INR-Modified MIFOR**” benchmarks for which the Effective Date shall be the second Mumbai Business Day (excluding Saturday) after the Trade Date.

**41) Reset Date:** The reset date is the date on which floating interest rate for the next payment period is decided and fixed. Reset date is one Mumbai business day (excluding Saturday) before the cash flow date for all the benchmark trades except for MIFOR/**MMFOR** benchmark trades for which the reset date is two business days before the cash flow date.

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**CHAPTER VII: SETTLEMENT SHORTAGE & DEFAULTS**

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**E.2. Trades referenced to the MIFOR & **MMFOR** benchmark**

1. Clearing Corporation shall be entitled to Close-out all the outstanding proprietary IRS and FRA transactions referenced to the MIFOR & **MMFOR** benchmarks of the Member in the Rupee Derivatives Segment and utilize collaterals collected as margins of that Member set aside from SGF for the Rupee Derivatives Segment in closing out transactions.



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## CHAPTER VIII: RISK MANAGEMENT

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### A) SCOPE

- 6) Mark to Market (MTM) margins shall be collected based on aggregate mark to market loss for the trades with each benchmark (e.g. MIBOR, MIFOR, MMFOR etc.) as reference rate for floating leg. Set offs may usually be allowed between profits and losses on trades in the same benchmark. The process of allowing set offs shall be notified by Clearing Corporation from time to time.

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## CHAPTER IX: DEFAULT FUND

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### A. PURPOSE:

- i. Clearing Corporation shall maintain two separate Default Funds in respect of its Rupee Derivatives (Guaranteed Settlement) Segment. The first (hereinafter referred to as “MIBOR & MIOIS -Default Fund”) would be maintained with a view to meeting losses arising out of any default by its Members from trades referenced to the MIBOR OR MIOIS benchmarks. The other Default Fund (hereinafter referred to as “MIFOR-Default Fund”) would be maintained for meeting losses arising out of any default by its Members from trades referenced to the MIFOR & MMFOR benchmarks. Losses if any on trades where both legs are referenced to the floating MIBOR or MIOIS benchmark would be met by the "MIBOR & MIOIS-Default Fund". All subsequent provisions of this Chapter shall apply to both the afore-mentioned Default Funds.

### I. UTILISATION

- i. Where a Member is declared as defaulter in terms of Chapter VII, the losses as a result of such default shall be computed separately for the defaulter’s portfolio comprising of rupee derivative trades referenced to the MIFOR & MMFOR benchmarks (referred to as “MIFOR losses”) and that for the defaulter’s portfolio comprising of rupee derivative trades



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referenced to the MIBOR and MIOIS benchmarks (referred to as “MIBOR & MIOIS losses”). The respective losses shall be met by Clearing Corporation by recourse to funds in the following order:

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### CHAPTER XVII: CONVERSION OF LEGACY MIFOR TRADES

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#### A. RUPEE DERIVATIVES (GUARANTEED SETTLEMENT) SEGMENT

1. Clearing Corporation may, after due Notification, amend the floating leg benchmark and calculation of the floating cash flow amounts of any Trade accepted for Clearing, where such cash flow amounts are determined by reference to the MIFOR benchmark. Clearing Corporation shall take this action regardless of any fallbacks that may otherwise apply in relation to the floating leg benchmark or calculation of the floating amount pursuant to the terms agreed to by the counterparties to the Trade. For effecting such change, Clearing Corporation may cancel, amend and/or book a new Trade on behalf of the Members in a manner as may be notified.

2. The Notification shall lay down the terms on which such amendment to such floating leg benchmark shall take effect, including but not limited to:

- (i) the date of the transition for the amendment or modification and the detailed process for it,
- (ii) the eligible cleared Trades to which the transition applies,
- (iii) the methodology for determining any amounts payable between Clearing Corporation and the Members of its Rupee Derivatives Segment as a result of this action,
- (iv) the creation and acceptance of any new Trades and/or payment obligations in connection with the amendment and/or modification, and
- (v) any other rights and obligations of Clearing Corporation and the Members of its Rupee Derivatives Segment in relation to this exercise.

3. The Notification shall include any other procedures or steps to be taken to give effect to the changes referred to in A(2) above, including certain operational procedures such as the recording of certain Trades in the Rupee Derivatives Segment of the Clearing Corporation to represent the original cleared Trades as amended pursuant to the floating leg benchmark conversion. These new Trade bookings shall be for operational purposes only. Where it deems appropriate, Clearing Corporation shall provide various reports reflecting these bookings.



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4. Following the publication of the Notification, Clearing Corporation, shall enter into, in the name of, and on behalf of, each Member of the Rupee Derivatives Segment, one or more Trades on terms determined by the Notification;
5. Any trade entered into pursuant to A (4) above shall be bound by the provisions of these Regulations from the time of such transition.
6. The conversion may give rise to one or more payment obligations being owed by Clearing Corporation to a Member of the Rupee Derivatives Segment or by a Member of the Rupee Derivatives Segment to Clearing Corporation hereinafter referred to as a 'Cash Compensation'. The calculation of each Cash Compensation payment and the due date for settlement of the 'Cash Compensation' in each case shall be as per the process and on the terms as set forth by Clearing Corporation in the Notification. The failure of a Member to meet the settlement obligation as aforesaid, within the specified time on its due date shall be treated as a settlement shortage under the provisions of Chapter VII of these Regulations.

### **B. RUPEE DERIVATIVES SEGMENT (NON-GUARANTEED SETTLEMENT)**

Members availing the Non-Guaranteed Settlement under the Rupee Derivatives Segment and desirous of availing the transition facility/ framework provided by Clearing Corporation for transition from MIFOR to modified MIFOR benchmark, shall be guided by the Notification issued by Clearing Corporation in this regard.

On such transition, the Trades shall continue to be bound by the provisions of these Regulations as are applicable to Non-Guaranteed Settlement.