



**THE CLEARING CORPORATION OF INDIA LTD.
Risk Management Department**

NOTIFICATION

Notification No.: RMD/FX-FF/23/34

Date: 30/Oct/2023

FOR INFORMATION OF ALL MEMBERS

Forex Forward Segment

Member Common Collateral (MCC) Utilisation in Forex Forward Segment (FFS).

We invite your attention to CCIL's Notification No. CCIL/Legal/23/29 dated 27/Oct/2023. As stated therein, the Regulations of the Forex Forwards segment have been amended with effect from 27/Nov/2023. As part of this amendment, a new Chapter III titled 'Member Common Collateral' (MCC) has been introduced in these Regulations. Consequent to this, Members are advised that Notification No. RMD/FX-FF/11/07 dated 14/July/2011 stands revised as below:

In terms of the Regulations of the Forex Forward Segment, all members desirous of availing the facility of guaranteed settlement of Forex Forward trades from trade date are required to contribute Cash & Govt. Securities to cover their margin obligations in the segment. Further, in terms of the Regulations, ~~unutilized SGF contribution towards Securities segment~~ available balance in member's MCC account shall be utilized towards margin obligation of a member arising out of acceptance of forex forward trades.

2. The work-flow procedures governing such MCC margin utilization and rules for interest payment on margins has been notified vide Notification No. CCIL/FX-FF/09/17 dated 26 Oct 2009 (*SGF hereon be read as MCC*).

3. The methodology for exposure check and margining for FFS segment has been clearly spelt out in the Regulations of the segment. As per the process, whenever there is any additional margin requirement in FFS, either in respect of already accepted trades of a member or for acceptance of its new USD/INR forward trades, it is drawn from the

~~unutilized~~ available balance in its above-mentioned ~~SGF~~ MCC account. Apart from this, some amount may also be kept aside, as per instruction of the member, for meeting margin requirement of Forex Forward trades done in FX-SWAP trading platform. Whenever margin requirement for the accepted trades of a member in this segment comes down, the difference amount is added back to the unutilized balance in the above-mentioned ~~SGF Collateral~~ MCC account of the member.

An illustration of the process of ~~SGF~~ Margin blocking from MCC and its release is presented in the Annexure.

This notification shall be effective from **27th Nov'2023**

Yours faithfully,

For The Clearing Corporation of India Ltd.,

Sd/-

Managing Director

ANNEXURE

Margin Utilisation in Member Common Collateral for Forex Forward Segment

	Particulars	Amt. in crs.	MCC Margin Balance (Amt. in crores)
Day I			
	Total contribution in Members MCC account (at market value after applying hair-cut)		100
	Margin Requirement in Other Segments (Securities/Forex Stlmt/Rupee IRS/CLS)	25	75
	Balance used toward margin requirement/Shortfall in Constituent account	3	72
	Balance used toward Shortfall in Default Fund	2	70
	Total Margin Used Up at this stage	30	70
	Balance set apart for FX-Swap Trading System trades at start of market hours	10	60
	TOTAL Margin Used Up at this stage	40	60
	Margin requirement towards new trades of Forex Forward segment (excluding for trades in FX SWAP trading Platform)	7	53
	Margin blocked for FX SWAP trading system trades released at session closure	(9)	62
	Total Margin used up including for Forex Forward Segment at the end of Day 1	38	62
Day 2			
	Margin set apart for FX-Swap Trading System trades at start of market hours	10	52
	Margin released in Other Segments – INR/USD MTM margin released	(18)	70
	Total Margin used up including for Forex Forward Segment at this stage	30	70
	Margin requirement for Securities Segment trades	30	40
	Total Margin used up including for Forex Forward Segment at this stage	60	40
	Margin release for Securities Segment trades on Settlement	(10)	50
	Total Margin used up including for Forex Forward Segment at this stage	50	50
	Margin requirement towards new trades of Forex Forward segment (excluding for trades in FX SWAP trading Platform)	48	2
	Margin blocked for FX SWAP trading system trades released at session closure	(8.00)	10

	Total Margin used up including for Forex Forward Segment at this stage	90	10
	Additional margin blocked for Forex Forward trades as part of EOD margin processing	12	(2)
	Total Margin used up including for Forex Forward Segment at the end of Day 2	102	(2)*
	* Margin Shortfall		
Day 3			
	Margin Set Apart for FX-Swap Trading System at start of market hours	0	(2)
	Additional margin deposited Rs. 60 Cr		60
	MTM margin shortfall of Day 2 in FFS Rs. 2 cr recovered	2	58
	Total Margin used up including for Forex Forward Segment at this stage	102	58
	Margin blocked towards FX-SWAP Trading System trades (<i>Prescribed amt. of Rs.10 crs + Rs.2 crs towards trades already done in Fx-SWAP platform accepted in CCIL's Risk Management system</i>)	12	46
	Additional Margin Blocked towards fresh FX-SWAP trades	5	41
	Intra-day MTM Margin imposed on Forex Forward outstanding trades at 12:00 P.M.	10	31
	Total Margin used up including Forex Forward Segment at the end of Day 3	129	31

Simultaneous Process – described separately for explanation purposes only