



THE CLEARING CORPORATION OF INDIA LTD.

Risk Management Department

No. RMD/FX/USD-INR/23/36

30/Oct/2023

FOR INFORMATION OF ALL MEMBERS

Forex Segment

Member Common Collateral (MCC) - Utilization for Forex Settlement.

We invite your attention to CCIL's Notification No. CCIL/Legal/23/29 dated 27/Oct/23. As stated therein, the Regulations of the Forex Settlement segment have been amended with effect from 27/Nov/23. As part of this amendment, a new Chapter III titled 'Collateral' has been introduced in these Regulations. Consequent to this Members are advised that Notification No. RMD/FX/USD-INR/15/19 dated 03/Mar/2015 stands revised as below:

1. In terms of clause Aof Chapter III of the Regulations of the Forex Settlement Segment, Clearing Corporation shall maintain a dedicated ~~Settlement Guarantee Fund~~ FX Collateral (USD) in respect of the Forex Settlement Segment. Moreover, in terms of Chapter III of the Regulations of the Forex Settlement Segment, members of this segment shall be deemed to have authorized Clearing Corporation to utilize the ~~unutilized portion of Securities Segment SGF~~ available balance in Member's Common Collateral (MCC) account towards the margins for Forex Settlement

2. The methodology for exposure check and margining for the Forex Settlement Segment has been spelt out in the Regulations. As per the process, whenever there is any additional margin requirement, either in respect of already accepted trades of a member or for acceptance of its new trades, it is drawn from the ~~unutilized~~ available balance of its above-mentioned ~~SGF~~ MCC account. Whenever margin requirement for the accepted trades of a member comes down, the difference amount is added back to ~~unutilized balance of the~~ above-mentioned ~~SGF~~ margin 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 Settlement Segment

	Particulars	Amt. in crs.	Un-utilised Margin Balance (Amt. in crores)
<u>Day 1</u>			
	Total contribution in Members MCC account (at market value after applying hair-cut)		100
	Margin Requirement in Other Segments (Securities/Forex Fwd/Rupee IRS/CLS)	30	70
	Balance used toward margin requirement/Shortfall in Constituent account	5	65
	Balance used toward Shortfall in Default Fund	5	60
	Total Margin used up at this stage	40	60
	Margin requirement towards new trades of the Forex Settlement segment (on account of Additional Initial Margin (AIM) and MTM Margin)	7	53
	Total Margin used up including for Forex Settlement at the end of Day 1	47	53
<u>Day 2</u>			
	Forex Forwards/Rupee IRS MTM margin released	(18)	71
	Margin requirement for Securities Segment trades	30	41
	Margin release for Securities Segment trades	(9)	50
	Total Margin used up including for Forex Settlement at this stage	50	50
	Margin requirement towards new trades of the Forex Settlement segment (on account of Additional Initial Margin (AIM) and MTM Margin)	45	5
	Increase in Margin requirement on already accepted trades of Forex Settlement segment at Risk Valuation	10	(5)
	Total Margin used up including for Forex Settlement at the end of Day 2	105	(5)*
	* Margin Shortfall on account of Forex Settlement Segment – Rs. 5 Crores		

Day 3			
	Balance at the beginning of Day 3		(5)
	Additional margin deposited Rs. 10 Cr. #		
	MTM margin shortfall of Day 2 in Rs. 5 Cr. recovered#	5	5
	Total Margin used up including for Forex Settlement Segment at the end of Day 2	105	5
	Incremental MTM Margin on outstanding Forex trades recovered	2	3
	Total Margin used up including for Forex Settlement Segment at the end of Day 3	107	3

Simultaneous Process – described separately for explanation purposes only.