

Risk Management Department

No. RMD/ DRVT/23/38

30/Oct/2023

Member Common Collateral (MCC) Utilisation for Rupee Derivatives-Guaranteed Settlement.

We invite your attention to CCIL's Notification No. CCIL/Legal/23/29 dated 27/Oct/23, 2023. As stated therein, the Regulations of the Rupee Derivatives Segment and Rupee Derivatives (Guaranteed Settlement) Segment have been amended with effect from 27/Nov/23. As part of this amendment, a new Chapter titled 'Member Common Collateral' (MCC) has been introduced in these Regulations. Consequent to this, Members are advised that Notification No. RMD/DRV/14/12 dated 20th March'14 stands revised as below:

In terms of the Regulations of the Rupee Derivatives- Guaranteed Settlement, all members desirous of availing the facility of Guaranteed Settlement are required to contribute ~~collateral~~ eligible Government securities and cash to cover their margin obligations under Guaranteed Settlement. Further, in terms of the Regulations, available balance in member's MCC account ~~unutilized SGF contribution towards Securities Segment~~ shall be utilized ~~applied~~ towards margin obligation of a member arising out of acceptance of Rupee Derivatives trades.

The methodology for exposure check and margining for the Rupee Derivatives-Guaranteed Settlement has been clearly 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 available ~~unutilized~~ 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 the unutilized balance of the above-mentioned ~~SGF-MCC~~ account of the member.

An illustration of the process of ~~SGF~~margin blocking and release is presented in the Annexure.

This notification comes into effect from **27th Nov' 2023** and supersedes our Notification No. RMD/DRV/14/12 dated 20th March'14 in this regard.

For The Clearing Corporation of India Ltd.,

**Sd/-
Managing Director**

ANNEXURE

Margin Utilisation in Member Common Collateral for Rupee IRS Segment

	Particulars	Amt. in crs.	MCC Balance (Amt. in crores)
<u>Day 1</u>			
	Total contribution in Member's MCC account (at market value after applying hair-cut)		100
	Margin Requirement in Other Segments (Securities/Forex Stlmt/Forex Forward/CLS)	12	88
	Balance used toward margin requirement/Shortfall in Constituent account	18	70
	Balance used toward Shortfall in Default Fund	10	60
	Total Margin Used Up at this stage	40	60
	Margin requirement towards new trades of the Rupee Derivatives Trades	7	53
	Total Margin used up including for Rupee Derivatives- Guaranteed Settlement at the end of Day 1	47	53
<u>Day 2</u>			
	Margin Release in Other Segments	(17)	70
	Margin requirement for Securities Segment trades	30	40
	Margin release for Securities Segment trades	(9)	49
	Total Margin used up including for Rupee Derivatives- Guaranteed Settlement at this stage	51	49
	Margin requirement towards new trades of the Rupee Derivatives -Guaranteed Settlement	48	1
	Increase in Margin requirement on already accepted trades of Rupee Derivatives-Guaranteed Settlement at Risk Valuation	6	(5)
	Total Margin used up including for Rupee Derivatives- Guaranteed Settlement at the end of Day 2	105	(5)*
	* Margin Shortfall – Rupee Derivatives- Guaranteed Settlement – Rs. 5 Crores		

Day 3			
	MCC 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 Rupee Derivatives- Guaranteed Settlement at this stage	105	5
	Margin blocked towards ASTROID Trading Platform (Prescribed Amount – 2 crores)	2	3
	Total Margin used up including Rupee Derivatives - Guaranteed Settlement at the end of Day 3	107	3

Simultaneous Process – described separately for explanation purposes only