



**THE CLEARING CORPORATION OF INDIA LTD.
RISK MANAGEMENT DEPARTMENT**

Date: 01st Oct'20

Notification No.: CCIL/RMD/ DRV /20/64

All Member Banks

Rupee Derivatives (Guaranteed Settlement) Segment

Rupee Derivatives (Guaranteed Settlement) Segment
Close-out of accepted trades by Resigning Member
Process

We invite your attention to our Notification No. RMD/DRV/14/39 dated 1st Nov'14 on the process followed for close-out of accepted trades of a member resigning from Rupee Derivatives (Guaranteed Settlement). Members are hereby advised to take note of the revisions to the close-out process post introduction of clearing member structure in the Rupee Derivatives segment. The changes being implemented are underlined:

In terms of Clause E3 of Chapter II Membership of the Regulations for the Rupee Derivatives and Rupee Derivatives (Guaranteed Settlement) Segment, the resigning member shall be required to close-out all its Outstanding Trades as of Resignation Request Date within the notice period. Where the constituents of such resigning member have outstanding trades and the same have not been ported as of Resignation Request date, the Clearing Member shall have to facilitate a close out of such trades.

2. The process to be followed as a condition precedent for such close-out of the accepted trades will be as under:

- a) The resigning member shall obtain a written consent with its and its constituents' original bilateral counter-party/(ies) for one of the following approaches for achieving the close-out. Counterparty/(ies) shall agree to either :
- (i) bilateral cancellation of the trades; or
 - (ii) transfer of the trades to other member(s) of this segment

Transfer of trades could only be to a non-defaulter member who has not opted to resign from this segment.

- b) After the original bilateral counter-party/(ies) agree to any of the two above-mentioned approaches, the “exiting member” shall enter into an arrangement with such counter-parties for making/receiving payments as consideration for such cancellation or transfer of trades. Any exchange of consideration on this account shall be bilateral and outside CCIL clearing system.
- c) In case of cancellation as in 2(a)(i) above, both the counter-parties shall report trade cancellations to CCIL Clearing system in the usual manner. These will be matched in CCIL’s Rupee Derivatives Clearing system and will get accepted subject to availability of margin. It will be the responsibility of both counterparties to the trades to ensure that the trades agreed to be cancelled by them are removed from CCIL’s Rupee Derivatives Clearing System latest by the end of the day next to their exchange of consideration.
- d) In case of transfer of trades as in 2(a)(ii) above, both the original counter-parties will report cancellation as in (c) above. After recording of the cancellations are over and these are duly accepted by the CCIL’s Clearing System, the member which is taking over the trades will report new trades with maturities co-terminus with the trades which are getting transferred. The bilateral counter-part(ies) of the resigning member and of its constituents will also report those trades. After both the reporting matches, the trades will get accepted in CCIL’s Clearing System after these pass through the exposure check. It will be the responsibility of the resigning member /its counterparties and the transferee member(s) to ensure that the trades relating to the transfer of trades of resigning counterparty are accepted in the CCIL Clearing System within two days of cancellation getting recorded.
- e) Clearing Corporation shall take no responsibility in ensuring that the cancellations or transfers of trades are duly recorded in its Clearing System unless those trades are matched appropriately in the system and are duly supported by margins by the counterparties. It may however assist members in good faith without attracting any liability whatsoever in this regard.

3. This notification comes into effect from **02nd Nov’20** and supersedes our Notification No. RMD/DRV/14/39 dated 01st Nov’14 in this regard.

For The Clearing Corporation of India Ltd

Sd/-

Managing Director
