



NOTIFICATION

Date: April 23, 2014

Notification No.: CCIL/L&S/14/21

All Members

Dear Sir/Madam,

Re: Changes to the Bye - Laws and Regulations.

Members are hereby advised that pursuant to Reserve Bank of India's approval dated April 22, 2014 the Bye –Laws, Forex Forward Regulations and Rupee Derivatives Regulations notified on March 26th, 2014, have been modified as follows:

A. BYE-LAWS

1. INSERTION OF NEW CHAPTER XV IN BYE-LAWS: BANKRUPTCY OF CLEARING CORPORATION:

1. In the event of Clearing Corporation filing for voluntary winding-up or if any insolvency proceeding is admitted against Clearing Corporation before any court or tribunal, all the Outstanding Trades with Clearing Corporation under all the segments shall be terminated by way of close-out at a predetermined price as may be notified.

2. On such close-out, the member-wise net mark-to-market loss or gain (as the case may be) in respect of the trades shall be determined. The net mark to market loss or gain so arrived at shall constitute the termination amount for each member. The termination amount shall be settled by payment to the member, in case of member's gain, or by receipt from the member, in case of member's loss.

3. The termination amount shall be settled as at the close of business on the business day following the day of termination but not later than two business days following the day of termination. Any non-recovery of termination amount from any of the members within this period shall be considered as a “Default” by the member and shall be handled in accordance with the provisions of Default Chapter of Bye-laws, Rules and Regulations and Default Fund Chapter as set out in the Regulations, wherever applicable.

4. Before paying out any amount under this clause, Clearing Corporation shall have the right to recover there from any amount payable by the member to Clearing Corporation.

5. The close-out transactions shall be final and binding upon the member.

2 BYE-LAWS: CHAPTER VII: CLEARING AND SETTLEMENT OF TRADES

I. INSERTION OF NEW BYE-LAW ON “MEMBERS’ RIGHT TO SET-OFF” AS BYE-LAW 16:

BYE-LAW 16: MEMBERS’ RIGHT TO SET-OFF

In the event of any default/insolvency of Clearing Corporation, a non-defaulting member shall have the right of set-off of the net payables or net receivables across all the segments of Clearing Corporation that have become due and payable resulting in a net pay-in or net pay-out position.

For the sake of clarity, Net Payable or Net Receivable amounts under each segment would be arrived at separately for each such member after close-out of all trades and net of these amounts across all segments would be arrived at and would be payable or receivable by a member.

II. Existing Bye-law 16: Limitation of liability to be re-numbered as Bye- law 17 under Chapter VII of Bye-laws.

B: FOREX FORWARD REGULATIONS

First para of Clause D (2) of 'Default of Clearing Corporation' under Chapter VI: DEFAULTS of Forex Forward Regulations is amended by substituting the phrase '*as soon as reasonably practicable thereafter*' with '*not later than two business days*' and the amended clause would read as follows:

"On receipt of a notice seeking termination and close out in terms of clause D(1) above, **Clearing Corporation shall at its discretion, not later than two business days thereafter,** by notifying all members of this segment:

- (a) effect close-out of Outstanding Trades of such member or
- (b) close out all Outstanding Trades in the segment."

C: RUPEE DERIVATIVES REGULATIONS

First para of Clause C (2) of 'Default of Clearing Corporation' under Chapter VII: DEFAULTS of Rupee Derivatives Regulations is amended by substituting the phrase '*as soon as reasonably practicable thereafter*' with '*not later than two business days*' and the amended clause would read as follows:

"On receipt of a notice seeking termination and close out in terms of clause C(1) above, **Clearing Corporation shall at its discretion, not later than two business days thereafter,** by notifying all members of this segment:

- (a) effect close-out of Outstanding Trades of such member or
- (b) close out all Outstanding Trades in the segment."

We advise that the changes to the Bye-Laws and Regulations shall come into effect as on 24th May, 2014.

Yours faithfully,
For The Clearing Corporation of India Ltd.,

Sd/-
Managing Director