



NOTIFICATION

Date: August 18, 2009

Notification No.: CCIL/FX/USD-INR/09/12

**To,
Member Banks
Forex Segment**

Imposition of Penalty for breach in USD Buy Position Limits

In terms of Chapter VII (B) (5.2) of CCIL's Forex Settlement Regulations, members are required to ensure that their net USD Buy Position for a settlement date does not exceed the limit notified. A member breaching such limit is further required to post requisite margin as per Notification No CCIL/FX/07/23 dated 08th August, 2007.

In terms of the said Regulations, a member that breaches the buy position limit and does not post the requisite margin is liable to pay penalty at a rate notified by CCIL.

In view of the increase in instances of breaches in USD Buy Position Limit, it has been decided that effective 1st October, 2009:

1. Banks that are likely to breach the buy position limit may contribute requisite margin before 12:30 p.m. as per Notification No. CCIL/MCM-FX/07/28 dated August 30, 2007.
2. Banks that are found to have breached the limit after the Netting batch for the day, but have not contributed margin as above will be notified of breach, if any, to the buy position limit and the margin required to be contributed. The margin should be contributed by credit to CCIL's nostro account by 3:00 p.m. of the same day. If the margin contribution is received after the stipulated cut-off time, the same would be returned only on the next working day.
3. Penalty shall be levied for all instances where buy position limits have been breached, but adequate margin has not been contributed. Such penalty shall be computed as a percentage of the margin amount liable to be paid as per structure given below:

No. of Instances in the month	Rate (In %)
Up to 3	0.01
From 4 to 6	0.02
More than 6	0.05

The penalty shall be payable in INR and the exchange rate used for conversion shall be the RBI Reference Rate for the day of default.

Yours faithfully,
for Clearing Corporation of India Limited,

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Managing Director