

CCIL/FXS/04/01

January 10, 2004

To,
All Member Banks

Sub: Increase in Margin Factor – Forex Settlement Segment.

Dear Sir,

We refer to our letter No. CCI/FXS/1003/NOT-4 dated October 8, 2003. Consequent to acceptance for guaranteed settlement of Cash, Tom and Spot deals from Trade date and forward deals from S-2 day, the Clearing Corporation shall extend settlement guarantee for three settlement days at a time. In view of this CCIL is exposed to market risk for 3 days. We therefore propose to increase the margin factor for all members uniformly by 1.5% with effect from February 5, 2004, to take care of the additional market risk.

Members are advised that as the margin factor will be increased by 1.5%, the exposure limit will stand reduced proportionately from the effective date, pending contribution of additional margin. The revised margin factors and limits will be communicated shortly and members seeking to retain their existing exposure limits may have to contribute additional margin to ensure settlement of all inter-bank forex deals through Clearing Corporation.

Thanking you,

Yours faithfully,
For Clearing Corporation of India,

Indirani Rao
Vice President
Forex Settlement