



NOTIFICATION

Continuous Linked Settlement Segment

This has been Superseded by Notification No. CCIL/CFM-CLS/19/13 dated 14-Feb-2019 on SGF Work-Flow Procedure for Forex Settlement Segment w.e.f. 15th February 2019

Date : 1st September, 2014

Notification No.: CCIL/CFM-CLS/14/34

**Collateral Work-Flow Procedure for
Continuous Linked Settlement (CLS Segment)
with effect from 01st September 2014**

We invite your attention to Chapter IV "Collateral" of Continuous Linked Settlement Segment Regulations, amended in June 2014. In terms of the above Chapter, the captioned process flow is given below. This notification replaces the earlier notifications issued in this regard.

I. General

1. In terms of CCIL's Bye-Laws, Rules and Regulations all members of CLS Segment are required to contribute collaterals to cover their margin obligation(s) for their individual currency position(s) in CCIL's CLS Segment;
2. The Rules and Regulations governing member margin obligations have been spelt out in CCIL's Bye-Laws, Rules and Regulations and all members shall be governed by the relative provisions as applicable;
3. This Notification, issued in terms of provisions contained in CCIL's Bye- Laws, Rules and Regulations, sets out the workflow process relating to deposit(s), withdrawal(s), substitution of all types of collaterals to be maintained with CCIL for CLS Segment;
4. The types of collaterals eligible towards CLS Segment are as under:
 - i. Unutilised portion of a Member's Settlement Guarantee Fund contribution towards CCIL's Securities Segment;
 - ii. US Dollar funds contributed exclusively for CLS Segment;
 - iii. US Dollar denominated Bank Guarantee(s) issued as per terms and conditions specified by CCIL from time to time;



5. The work-flow processes in respect of each form of eligible Collateral /Margin towards CLS Segment have been spelt out in Sections II, III and IV respectively of this Notification;
6. All contributions/amendments/Withdrawals of collaterals/margins shall be captured, stored and maintained by CCIL on Value Date basis;
7. All members shall intimate CCIL about their intention to deposit / withdraw any collaterals via eNotice System or in the physical formats prescribed by CCIL for the purpose;
8. All Notices of Deposits/Withdrawals shall be sent by members via eNotice System or shall be telefaxed by Members to CCIL's Collateral & Funds Management Segment on 022- 61546499 (Marked to the attention – Collateral & Funds Management Segment) to be followed up with physical intimation as per prescribed format (enclosed herewith for ready reference) in case of non-availability/non-functioning of the eNotice System;
9. CCIL shall not be responsible for non-receipt and/or distortions in receipts of Member notices as per para I (8) above;

II. CLS Collateral / Margin Contributions from unutilised portion of Securities Segment SGF

1. Unutilised SGF contribution of a member in Securities Segment SGF can be applied towards collateral/margin obligation of the member in CLS Segment, subject to provisions of CCIL's Bye-laws, Rules and Regulations;
2. Interested Members may contact CCIL's Forex and/or Risk Management Department to determine/finalise their individual requirement of Base Limit/Additional Limit. The required amount to be apportioned from their Securities Segment SGF would then, subject to availability, be blocked for the exclusive and specific purpose of collateral/margin towards their CLS Segment margin requirement in terms of CCIL's Bye-Laws, Rules and Regulations.



3. Changes/Modifications to Member's Base Limit/Additional Limit may entail changes to their SGF contributions as may be operationalised by our Risk Management Dept. from time to time;
4. Members may kindly note that CCIL's Bye-laws, Rules & Regulations, Notifications, procedures, terms, conditions, provisions, etc. governing Securities Segment SGF shall be applicable to the collateral/margin contributed by Members for CLS Segment from their Securities Segment SGF unless otherwise specified;
5. In terms of Securities Segment Regulations, members are required to maintain at least 10% of their margin requirements in the form of INR fund contributions to Securities Segment SGF. However, Members may kindly note that their CLS collateral/margin requirements met from Securities Segment SGF will be excluded from the scope of cash : securities composition monitoring;
6. The work-flow process for deposit(s), withdrawals(s), and substitution(s) of Funds (INR) and Government of India Securities as spelt out in our Notification for Securities Segment SGF revised from time to time shall be applicable.

III. CLS Collateral/Margin Contributions in the form of US Dollar Funds

A. Deposits

- a) Members desirous of contributing US Dollars towards collateral for CLS Segment shall intimate CCIL in advance via eNotice System or by means of 'Notice of Deposit' in the prescribed format, prior to actual deposit of funds. CCIL shall not afford credit in respect of funds deposits without proper receipt of 'Notice of Deposit' from the concerned member (s);



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- b) Members shall remit the funds directly to CCIL's USD Nostrro Account as mentioned below:

Account maintained with : **Deutsche Bank Trust Company Americas, 60 Wall Street, New York, 10005, USA (DBTCA, NY)**

USD Current Account Number : **04451722**

SWIFT Code of the Bank : **BKTRUS33XXX**

CCIL's BIC Code : **CCILINBBXXX**

- c) While effecting remittance, members shall ensure that their CCIL Membership ID is indicated together with keywords 'CLSUSDDEP' in the relative remittance transmitted to the correspondent bank with instructions to incorporate the same in their (correspondent bank's) transaction reference details transmitted to CCIL;
- d) CCIL shall account for and update individual member contributions towards CLS Segment after receipt of necessary confirmation from its correspondent bank about actual receipt of funds and the status of the eNotice System will be updated as '**Confirmed**';
- e) Member Transaction and Holding Statement shall be available to member on relative date of confirmation of funds deposit in CCIL's Systems. The same should be verified by the member and discrepancy if any, to be pointed out immediately.

B. Withdrawals

- a) Members desirous of seeking fund withdrawals from their SGF contribution shall intimate CCIL via eNotice System or send physical 'Notice of Withdrawal' to CCIL, in the format prescribed for the purpose;
- b) Members shall give advance Notice of at least THREE Business Days (both in India and USA) when they desire to make withdrawals of funds from their collateral contribution;
- c) Member requests for withdrawal of USD contribution shall be processed by CCIL in terms of its Bye-Laws, Rules and



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Regulations. Mere submission of notice of withdrawal via eNotice System or lodgement of Notice of Withdrawal by a Member shall not confer an obligation on CCIL to pay the requisite amount;

- d) All withdrawal requests shall be subject to their permissibility based on the outstanding obligations and margin availability at the material time as per provisions of CCIL's Bye-Laws, Rules and Regulations;
- e) In case the notice of withdrawal is honoured by CCIL, the status of the same will be updated as '**Confirmed**' in eNotice System;
- f) The concerned member's collateral balance shall be appropriately reduced on value date of payment;
- g) The amount of withdrawal shall be credited on value date of payment to the concerned member's USD Nostro Account recorded with CCIL;
- h) Member Transaction and Holding Statement shall be available to member on relative value date of payment. The same should be verified by the member and discrepancy if any, to be pointed out immediately.

C. Interest Payment on USD Funds

- a) In terms of provisions of CCIL's Bye-Laws, Rules and Regulations, interest shall be paid to members on their USD Fund collateral / margin contribution towards CLS Segment on a Semi Annual basis i.e. during the first week of April and October every year for their SGF contributions during the previous six months;
- b) The interest amount shall be credited to the USD Nostro Accounts of members as recorded with CCIL, with separate electronic intimation to member giving details of interest computation and entitlement.



IV. CLS COLLATERAL/MARGIN CONTRIBUTIONS IN THE FORM OF BANK GUARANTEES

A. Deposits / Lodgements

- a) The precondition(s) for lodgement of Bank Guarantee(s) (BG) are :
 - i. BG shall be denominated in US Dollars only ;
 - ii. BG shall be issued by a Bank forming part of the list of Banks approved by CCIL for the purpose. Relevant details can be obtained from CCIL's Risk Management Department ;
 - iii. BG shall be issued in a format acceptable to CCIL;
 - iv. CCIL shall have absolute discretion as regards acceptance /rejection of BG;
- b) Members desirous of contributing their margin in the form of BG shall intimate CCIL by means of their Notice of BG Lodgement as per format specified at `Annexure III`;
- c) The member / issuing bank may deliver the BG to CCIL in physical form in the format prescribed by CCIL. Alternatively the issuing bank may send the BG to CCIL electronically using the SWIFT facility.(CCIL's SWIFT ID : CCILINBBXXX);
- d) The BG(s)scrutinized and found in order shall be accepted by CCIL and will come into force from the "Effective Date" as mentioned in the BG;
- e) CCIL shall capture the details of accepted BG(s) in its database. Other BG(s) shall be returned to the respective member by CCIL;
- f) `Bank Guarantee Transaction` and `Bank Guarantee Holding` statements shall be available for download at member's end upon entry by CCIL. The same should be verified by the member and discrepancy if any, to be pointed out immediately;

B. Amendments

- a) BG to be amended shall be arranged by member with amendment details like value of BG and/or the Validity Date of the BG etc;
- b) A member shall give at least THREE business days (covering both India & US) prior Notice to CCIL for any amendment to the BG as per format specified at `**Annexure IV**`;



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- c) The Amendment to BG shall be intimated to CCIL by the BG Issuing Bank. The said intimation may be in physical form or through SWIFT facility;
- d) After verification of the details and its acceptability to CCIL, particulars of the said amendment will be noted by CCIL and the same will come into force from the 'Effective Date';
- e) If such amendment results in downward revision of the BG Amount or advancing the Date of Expiry then the same shall be accepted by CCIL subject to its adequacy to cover the concerned member's margin obligation in terms of CCIL's Bye-Laws, Rules and Regulations;
- f) 'Bank Guarantee Transaction' and 'Bank Guarantee Holding' statements shall be available for download at member's end upon entry by CCIL. The same should be verified by the member and discrepancy if any, to be pointed out immediately;

C. Cancellations

- a) Bank Guarantees cannot be cancelled without prior written consent of CCIL.

D. Claims

- a) A BG may be invoked by CCIL under conditions as mentioned in CCIL's Bye-laws, Rules and Regulations.
- b) CCIL shall be entitled to lodge the claim with the BG issuing Bank within the Claim Lodgeable Date as stipulated in the BG.
- c) A member shall continue to be liable to CCIL even after the said lodgement of claim as specified in terms of its Bye-Laws, Rules and Regulations.
- d) The BG issuing Bank shall remit the claim proceeds to CCIL as per requirements specified in CCIL's Notice of Invocation;
- e) The status of the BG shall be changed to 'Claimed' and no further benefits shall be available to member on the said BG.

Sd/-

Authorised Signatory
(The Clearing Corporation of India Ltd.)



ANNEXURE I

{Format of Notice of USD Funds Deposit for physical submission}

(Forms Integral Part of Notification No .CCIL/CFM-CLS/14/34 dated 1st September, 2014 relating to CLS Segment – Collateral Work Flow Process)

(To be issued by Member on its letter head in case of physical submission of Notice)

Business Segment -

Continuous Linked Settlement Segment

Notice of Funds Deposit

As on XXXXXXXXXX (Date)

Reference (if any) _____

CCIL Member ID : XXXXXXXXXXXXX

Member Name : XXXXXXXXXXXXX

Funds Deposit

| Value Date of Deposit | Currency Code | Amount of Contribution | |
|-----------------------|---------------|------------------------|-----|
| | | (In | (In |
| | USD | | |
| | USD | | |
| | USD | | |

We confirm that this Notice of Deposit has been sent in advance of Value Date of actual receipt of funds by CCIL in its accounts.

We confirm that the remittance has been effected to CCIL’s account with **Deutsche Bank Trust Company Americas, New York, Swift Code BKTRUS33XXX for credit to Account Number 04451722**, The Clearing Corporation of India Limited.

We further confirm that our CCIL Membership ID as also the keywords “CLSUSDDEP” have been mentioned while effecting payment to DBTCA, New York with instructions to indicate the same in their Account Transaction Statement to you.

<For (Member Name)>

Authorised Signatory/ies
(as applicable)



ANNEXURE II

{Format of Notice of USD Funds Withdrawal for physical submission}

(Forms Integral Part of Notification No. CCIL/CFM-CLS/14/34 dated 1st September, 2014 relating to CLS Segment – Collateral Work Flow Process)

(To be Issued by Member on its letter head in case of physical submission of Notice)

Business Segment -

Continuous Linked Settlement Segment

Notice of Funds Withdrawal

As on XXXXXXXXXX (Date)

Reference (if any) _____

CCIL Member ID : XXXXXXXXXXXXX

Member Name : XXXXXXXXXXXXX

Funds Withdrawal

| Value Date of Withdrawal | Currency Code | Amount of Withdrawal | |
|--------------------------|---------------|----------------------|------------|
| | | (In figures) | (In Words) |
| | USD | | |
| | USD | | |

We confirm that at the time of making our above request for withdrawal of our Collateral, we have taken into account the following:

- a) our USD Collateral balance;
- b) the amount of Collateral required to be maintained by us in relation to our trades due for settlement;
- c) the requirement of advance notice of three business days' (both in US and India).

<For (Member Name)>

Authorised Signatory/ies
(as applicable)



ANNEXURE III
{Format of BG Lodgement for physical submission}

(Forms Integral Part of Notification No. CCIL/CFM-CLS/14/34 dated 1st September, 2014 relating to CLS Segment – Collateral Work Flow Process)

(To be Issued by Member on its letter head in case of physical submission of Notice)

Business Segment -
Continuous Linked Settlement Segment
Notice of Bank Guarantee Lodgement

As on **XXXXXXXXXX** (Date)

Reference (if any) _____

CCIL Member ID : XXXXXXXXXXXXXXX

Member Name : XXXXXXXXXXXXXXX

Bank Guarantee Details

| Name of BG Issuing Bank | BG Ref | Currency | Amount | | Validity Date |
|-------------------------|--------|----------|--------------|------------|---------------|
| | | | (In figures) | (In Words) | |
| | | USD | | | |
| | | USD | | | |
| | | USD | | | |

We hereby confirm that the Bank Guarantee issued in your favour is :

Mailed to you by us/Issuing Bank

Sent to you over SWIFT (SWIFT Ref. _____)

Date

We confirm that this Notice of Bank Guarantee Lodgement has been sent in advance of Value Date of actual receipt of Bank Guarantee by CCIL.

We further undertake to amend the Bank Guarantee before expiry or as notified by CCIL. We also confirm having abide by CCIL’s Bye-Laws, Rules and Regulations governing CLS Segment.

<For (Member Name)>

Authorised Signatory/ies
(as applicable)



ANNEXURE IV
{Format of BG Amendment for physical submission}

(Forms Integral Part of Notification No. CCIL/CFM-CLS/14/34 dated 1st September, 2014 relating to CLS Segment – Collateral Work Flow Process)

(To be Issued by Member on its letter head in case of physical submission of Notice)

Business Segment -

Continuous Linked Settlement Segment

Notice of Bank Guarantee Amendment

As on XXXXXXXXXX (Date)

Reference (if any) _____

Tick whichever is applicable

CCIL Member ID : XXXXXXXXXXXXXXX

Member Name : XXXXXXXXXXXXXXX

| | |
|----------------------|--|
| Validity Date | |
| Amount | |

Amendment to Bank Guarantee Details

| Name of BG Issuing Bank | Original Bank Guarantee Reference No. | Currency | Effective Date of Amendment | Original Amount (In figures) | Revised Amount (In figures) | Original Validity Date | Revised Validity Date |
|--------------------------------|--|-----------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------|------------------------------|
| | | USD | | | | | |
| | | USD | | | | | |

We hereby confirm that the amended Bank Guarantee Reference No..... datedissued in your favour is :

Mailed to you by us/Issuing Bank

Sent to you over SWIFT (SWIFT Ref. _____)

Date

We confirm that at the time of making our above request of Bank Guarantee Amendment, we have taken into account the following

- a) our Bank Guarantee balance
- b) our USD collateral balance
- c) the amount of Collateral required to be maintained by us in relation to our trades due for settlement.

We also confirm having abided by CCIL’s Bye-Laws, Rules and Regulations governing CLS Segment.

<For (Member Name)>

Authorised Signatory/ies
(as applicable)