THE CLEARING CORPORATION OF INDIA LTD

NOTIFICATION

DEFAULT FUND
FOREX FORWARD SEGMENT

This has been Superseded by Notification No. CCIL/CFM-FF/15/47 dated 01-Sept-2015 on Revised Cut-Off Timings for receipt of Collateral Notices - Default Fund - Forex Forward and CCIL/CFM/16/89 dated 21-Dec-2016 on Revision in Timings for acceptance of Collateral Notices

Date: 15th September, 2010

Notification No.: CCIL/CFM-FF/10/27

Collateral Work-Flow Procedure for Default Fund - Forex Forward Segment w.e.f. 01st October 2010

I.   **General**

1. In terms of its Bye Laws, Rules and Regulations, The Clearing Corporation of India Limited (CCIL) has instituted a Default Fund for its Forex Forward Segment comprising of collateral contributions received from its Members;

2. The rules and regulations governing the Default Fund have been spelt out in CCIL's Bye Laws, Rules and Regulations and all members shall be governed by the relative provisions;

3. This Notification, issued in terms of provisions contained in CCIL's Bye Laws, Rules and Regulations, sets out the workflow process relating to deposits and withdrawals of funds and/or securities in respect of Default Fund for its Forex Forward Segment.

4. Each member shall deposit towards Default fund such sum as notified by CCIL in form of cash (INR) and/or eligible Government of India Securities and Treasury Bills.

5. All transfers of funds into and/or out of Default Fund shall be effected through the Real Time Gross Settlement (RTGS) System of RBI;

6. All transfers of securities into and/or out of Default Fund shall be done through Value Free Transfer functionality available in NDS;

7. The cut off timings specified for various activities relating to Default Fund have been set out in the Annexure-I appended hereto which shall be strictly adhered to;

8. All fund contributions shall be received by CCIL in its RTGS Settlement Account No. **8710977** maintained with DAD, RBI Mumbai.

9. All security contributions shall be received and held in CCIL's Constituent SGL Account with PDO, RBI Mumbai in Constituent SGL Account No **SG020044**;

10. CCIL shall account for and update individual Member contributions to Default Fund only after receipt of necessary confirmation from RBI about actual receipt of funds and/or securities as applicable;

11. Movement of funds/securities into and/or out of Default Fund shall be captured, stored and maintained on value date basis;

12. All corporate actions in respect of securities contributed to Default Fund by Members shall flow into CCIL's RTGS Settlement Account with RBI. CCIL shall arrange to remit relative proceeds to concerned Members' Current / RTGS Settlement Account with DAD, RBI, Mumbai via RTGS System after receipt of funds by CCIL from RBI;

13. CCIL has an Electronic web-based interface 'eNotice System' to facilitate electronic delivery of Default Fund related Notices by Members and CCIL response thereto.

14. 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 Department on 24902441/66604170 (Marked to the attention – Collateral & Funds Management Department) to be followed up with physical intimation as per prescribed format (enclosed at Annexures II & III for ready reference) in case of non-availability /disfunctioning of the eNotice System;

15. Default Fund and Securities Segment Settlement Guarantee Fund contributions are not fungible with each other.

II.   **Deposits Procedure**:

A. **Funds Deposit Procedure:**

1. Members desirous of making fund contributions to Default Fund shall intimate CCIL via eNotice System or by means of their "Notice of Deposit" to CCIL in the prescribed format on the day of deposit prior to/along with the actual deposit. CCIL shall not afford credit in respect of funds deposits without proper receipt of requisite "Notice of Deposit" from the concerned Member(s);

2. Members shall adhere to the cut-off timings prescribed from time to time for deposit of fund contributions towards Default Fund;

3. All fund contributions shall be received by CCIL in its RTGS Settlement Account Number **8710977** maintained with DAD, RBI Mumbai. For effecting such funds transfer(s) to CCIL's RTGS Settlement Account, members shall incorporate CCIL's IFSC Code viz. **CCIL0PI0001** in the payment instructions to be executed using the RTGS system.

4. In event of non-availability of RTGS system, CCIL shall accept funds contribution by way of RBI cheque drawn in favour of CCIL subject to acceptance of same by DAD, RBI Mumbai.

5. The relative UTR (Unique Transaction Reference) Number for funds transfer via RTGS shall be incorporated in the Notice of Deposit sent to CCIL either via fax or through eNotice system to assist CCIL in identification of credit(s) received in the RTGS Settlement Account.

6. The Deposit shall be confirmed by CCIL only upon sighting of funds in the RTGS Settlement Account and relative reports shall be available for download at member end upon confirmation by CCIL.

7. CCIL shall not be responsible for non-receipt of credit in its RTGS Settlement Account through RTGS system on account of any reason.

B. Securities Deposits Procedure:

1. Members desirous of making securities contributions to Default Fund shall intimate CCIL via eNotice System or by means of their "Notice of Deposit" to CCIL in the prescribed format on the day of deposit along with the actual deposit. CCIL shall not confirm any deposit entry in respect of securities deposits without proper receipt of requisite "Notice of Deposit" from the concerned Member(s);

2. All securities contributions shall be made by Members, from amongst the list of eligible securities prescribed by CCIL and current at the time of such deposit;

3. Members shall adhere to the cut-off timings prescribed from time to time for deposit of security contributions;

4. Deposit of Securities by Members into Default Fund shall be carried out electronically using the Value Free Transfer functionality in NDS. Member shall ensure adherence to cut off timings prescribed from time to time for the purpose;

5. Members shall ensure that they do not attempt to transfer securities to Default Fund during the time when the concerned security is in "Shut Period";

6. Member shall initiate the Security Deposit transaction by entering the details in the Transfer Order Entry Screen under the Settlement Menu in their NDS Terminal. Member shall select the Transfer Type "CCIL Contribution" and CCIL's CSGL account number as SG020044. Member shall input the source SGL A/c Number and the Instrument details with the appropriate quantity (In Face Value) and create the transaction. NDS system is expected to generate a Transfer Order No in respect of the transaction. Members shall incorporate the Transfer Order No in the eNotice in the block provided for inputting NDS

Transfer Order ID or in their "Notice of Deposit" sent to CCIL as per para II.B.1 above;

7. Maker / Checker facility is available for the Transfer order entry. Once the Maker has created the transaction as per para II.B.6 above, the Checker shall verify and approve (option to reject is also available) the same. Once approved the transaction is expected to electronically flow to CCIL for confirmation via NDS;

8. Upon receipt of transaction via NDS at CCIL, the Security deposit transaction approved by the member in the NDS terminal as per para II.B.7 above, would then be verified with the eNotice submitted by the member or with the physical Notice of Deposit received directly from the Member as per para II.B.1. Upon verification of the relevant records in the NDS System (Transfer Type, Security Description, ISIN Code, Face Value of Security, Transfer Order No) and ensuring that the same tally completely with the Member's eNotice /Notice of Deposit, the transaction shall be "Confirmed" at CCIL's end. On confirmation, the transactions would electronically flow to RBI and are expected to get 'Settled' over NDS subject to availability of requisite balance and other validations on NDS. In case the transaction particulars in the NDS system do not tally with Member's eNotice /Notice of Deposit, the concerned transaction shall not be confirmed at CCIL's end. Unconfirmed Value Free Transactions in NDS will not be settled;

9. Upon transfer of security from Member's SGL Account into CCIL's CSGL Account, CCIL shall update concerned Member's holdings and the status of notice in the eNotice System will be updated as "Confirmed". Default Fund "Transaction Statement" and "Holding Statement" shall be available for electronic download by the concerned Member on the relative date of Deposit.

10. CCIL's obligation towards the security deposit via NDS as above, is limited to acceptance, confirmation and electronic transmission to RBI for settlement;

III. Withdrawals Procedure:

A. Funds Withdrawal Procedure:

1. Members desirous of seeking fund withdrawals from their Default Fund contribution shall intimate CCIL via eNotice System or send physical "Notice of Withdrawal" to CCIL (in prescribed format) **one business day** prior to the actual value date of proposed withdrawal;

2. Members shall ensure that such Notice of Withdrawal is properly received by CCIL within the cut-off timings prescribed for the purpose;

3. Notice(s) of Withdrawal received via fax or physical submission after the prescribed cut off time shall be treated as intimation having been received on subsequent business date and consequent value date of withdrawal shall be treated as having been modified by the Member accordingly;

4. Before submission of Notice of Withdrawal, member shall ensure that the requisite balance as notified by CCIL is maintained towards Default Fund post withdrawal also;

5. For funds withdrawals, after completion of necessary internal checks, CCIL shall release relative payment by creating a payment instruction on the RTGS system indicating Credit to respective Member's RTGS Settlement / Current Account maintained with DAD, RBI, Mumbai. For effecting such fund transfer(s), the relative IFSC Code allotted by RBI to the concerned Member 's RTGS Settlement / Current Account will be used by CCIL.

6. The UTR Number for the funds transfer shall be conveyed to concerned member through eNotice System / e-mail alert / fax or telephone for the purpose of identification of credit at member end ;

7. In case of non-functioning of RTGS System or some exceptions, payment shall be effected by means of RBI Cheque drawn in favour of concerned member (subject to DAD, RBI approval). Such cheque(s) shall be deliverable at CCIL's counters and members shall ensure timely and proper receipt of the same on relative value date of payment.

8. CCIL shall not be responsible for non-execution of payment instructions(s) on RTGS system on account of any reason.

9. Withdrawals shall be reflected in concerned Member's Default Fund Transaction and Holding Statement as at commencement of the relative value date of payment;

B. **Securities Withdrawals Procedure:**

1. Members desirous of seeking securities withdrawal from their Default Fund contribution shall send a " Notice of Withdrawal" to CCIL via eNotice System or fax a physical notice (in prescribed format);

2. Members desirous of making an intraday security withdrawal, where value date falls on the same day as notice date, shall select the option of 'Intraday' while for overnight security withdrawal in which value date falls on the next business day of the notice date, shall select option of 'Overnight' in eNotice system. In case of physical notices, the desired value date will be incorporated in the 'Notice of Withdrawal' sent to CCIL (in prescribed format).

3. Members shall ensure that such Notice of Withdrawal is properly received by CCIL within the cut-off timings prescribed for the purpose;

4. Notice(s) of Withdrawal received via fax or physical submission after the prescribed cut off time shall be treated as intimation having been received on subsequent business date and consequent value date of withdrawal shall be treated as having been modified by the Member accordingly;

5. Before submission of Notice of Withdrawal, member shall ensure that the requisite balance as notified by CCIL is maintained towards Default Fund post withdrawal also;

6. For securities withdrawals, after completion of necessary internal checks, CCIL shall initiate the relative transfer order by entering the details in the Transfer Order Screen under Settlement Menu in CCIL's NDS Terminal on the Value Date of withdrawal based on the notice of withdrawal sent by the member. The same will then be approved by CCIL and electronically transmitted to the concerned Member via NDS for confirmation;

7. Upon initiation and authorization of the transaction by CCIL the relative "Transfer Order Number" generated by NDS will be communicated by CCIL to the concerned Member through eNotice System with an auto email alert or via telefax /email/telephone to assist the Member in the confirmation process;

8. Upon intimation through eNotice System /e-mail alert/fax/telephone, Member shall confirm the Securities withdrawal transaction by accepting the details entered by CCIL in the NDS System using the Transfer Order Query provided under the Transfer Order Sub-menu under the Settlement Menu of the NDS. Members shall ensure that the same is transmitted to RBI for settlement;

9. Members shall ensure due and proper confirmation of Withdrawal transaction on NDS system within the cut-off timings prescribed by RBI for this purpose. No liability shall rest on CCIL for the Member's failure to do so;

10. Withdrawals shall be reflected in concerned Member's Default Fund Transaction and Holding Statement as on the relative value date of payment;

11. CCIL's obligation towards the security withdrawal is limited to initiation, confirmation and electronic transmission of relative security/ies Transfer Order(s) to the Members via NDS;

IV. Interest on Fund (INR) contribution to Default Fund :

1. Interest shall be payable to Members at quarterly rest on their **average daily cash balances maintained during the relative financial quarter.**

2. Such interest shall be payable at a rate based on CCIL's earning arising out of Investment of funds contributed towards Default Fund. The relative rate shall be arrived at after deducting the cost incurred for such investments.

3. The interest amount shall be credited to the concerned Member's RTGS Settlement / Current Account maintained with DAD, RBI and relative reports shall be available for download at member end on value date of payment.

for The Clearing Corporation of India Limited,

sd/-
p.Managing Director

THE CLEARING CORPORATION OF INDIA LTD

*(Forms Integral Part of Notification No.- **CCIL/CFM-FF/10/27** dated 15th September, 2010 relating to Forex Forward Segment – Default Fund – Collateral Work Flow Process.)*

Cut-off Timings for receipt of Notices by CCIL

Particulars of Notice	Timings	
	Funds	**Securities**
Notice of Deposit	Mondays To Fridays: Upto17.00 hrs Saturdays: Upto14.00 hrs	Mondays To Fridays: Upto17.00 hrs Saturdays: Upto 14.00 hrs
Notice of Withdrawal	Mondays To Fridays: Upto 15.00 hrs Saturdays: Upto13.00 hrs	**Intraday Securities Withdrawal** Mondays To Fridays: Upto 16.30 hrs Saturdays: Upto 13.30 hrs
		Overnight Securities Withdrawal Mondays To Fridays: Upto17.00 hrs Saturdays: Upto 14.00 hrs

THE CLEARING CORPORATION OF INDIA LTD

Annexure-II
{Default Fund – Forex Forward Segment- Notice of Deposit}

(Forms Integral Part of Notification No.- CCIL/CFM-FF/10/27 dated 15th September, 2010 relating to Forex Forward Segment – Default Fund – Collateral Work Flow Process.)

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

Default Fund
Business Segment – Forex Forward

Notice of Deposit
As on XXXXXXXXX (Date)

Reference (if any) _____

CCIL Member ID : XXXXXXX
Member Name   :xxxxxxxxxxxxxx

	Additional Deposit
	Deposit against Margin call

I. **Funds Deposit**

Value Date of Deposit	UTR No.	Amount (Rupees in Figures	Amount (Rupees in Words)

II. **Security Deposit** – Source SGL Account No. [   ] (Member's Proprietary SGL Account)

Destination SGL Account No.   [SG020044]   (CCIL's CSGL A/c)

Sl. No.	Value Date of Deposit	ISIN Code	Security Description	Face Value (Rs in figures).	Face Value (Rs in words)	NDS Transfer Order No

This Notice of Deposit is sent as required as per CCIL's Bye Laws, Rules and Regulations. We hereby undertake to deposit relative funds/securities (by initiation of deposit entry via NDS) as per extant procedure within the cut-off timings stipulated by RBI / CCIL for the purpose viz.,

<For (Member Name)>
_____
Authorised Signatory/ies
(as applicable)

Page 9 of 10

THE CLEARING CORPORATION OF INDIA LTD

*(Forms Integral Part of Notification No.- **CCIL/CFM-FF/10/27** dated 15th September, 2010 relating to Forex Forward Segment – Default Fund – Collateral Work Flow Process.)*

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

Default Fund
Business Segment – Forex Forward

Notice of Withdrawal

As on XXXXX(Date)

Reference (if any) _____

CCIL Membership ID: XXXXXXX
Member Name   : xxxxxxxxxxxxxx

I. Funds Withdrawal

Notice Date	Value Date	Amount (Rupees in Figures	Amount (Rupees in Words)

II. Security Withdrawal

Sl. No	Notice Date	Value Date	ISIN Code	Security Description	Face Value (Rs. in figures)	Face Value (Rs in words)	SGL A/c No. to be credited

We confirm that this Notice is submitted based on –
1. Actual balances held by us towards our Default Fund contributions;
2. Minimum required balance is maintained towards Default Fund in terms of CCIL's Bye-Laws Rules and Regulations.

We are aware that this Notice of Withdrawal should reach your counters within the cut-off timings stipulated for the purpose. In the event of this Notice reaching you after the cut-off time as above, we are aware that the same will be treated as having been received by you as of the subsequent business day.
We undertake to confirm the transaction in the NDS System on value date of withdrawal within the cut-off timings stipulated by RBI for the purpose.

<For (Member Name)>
_____
Authorised Signatory/ies
(as applicable)