



THE CLEARING CORPORATION OF INDIA LTD.

NOTIFICATION

This has been superseded by Notification No. CCIL/DRV/IRS/15/34 dated 25-June-2015 on Changes to the Rupee Derivatives IRS Regulation

Date: 17th May, 2014

Notification No.: CCIL/DRV/IRS/14/22

**All Members
Rupee Derivatives Segment**

Dear Sir/Madam,

Re: Amendment to the Regulations in respect of Guaranteed Settlement of Rupee Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA).

The Regulations of the Rupee Derivatives (Guaranteed Settlement) Segment have been revised to include:

- (a) explicit provisions for central counterparty clearing of trades in the segment through a process of Novation; and
- (b) interest compensation to members on the cash margins deposited by members.

The revised clauses are set out in the annexure and shall be applicable with immediate effect.

for The Clearing Corporation of India Ltd.,

**-sd-
Managing Director**

Annexure to Notification No.CCIL/DRV/IRS/14/22

**THE CLEARING CORPORATION OF INDIA
LIMITED**

CHANGES TO REGULATIONS

***(Rupee Derivatives Segment and Rupee Derivatives
(Guaranteed Settlement Segment)***

CHAPTER II: MEMBERSHIP

A) APPLICATION FOR MEMBERSHIP:

3. Eligible entities desirous of availing the facility of **guaranteed—settlement Central Counterparty Clearing** of their trades in Rupee Derivatives shall submit an application in the prescribed format to Clearing Corporation complete in all respects together with all requisite enclosures as required to be submitted in terms of the Application Form;

CHAPTER III: SETTLEMENT GUARANTEE FUND

D) CONTRIBUTION TO SGF.

Modification to sub clause 3 and addition of sub clause 4 and 5

3. The provisions governing the administration of the SGF, including receipt and withdrawal of securities and cash contributions, investment of the fund and corporate actions thereon shall be governed by the Regulations of Clearing Corporation, relating to the Securities Settlement segment, **except to the extent specified herein**

4.A Member shall be entitled to receive interest at quarterly rests (at the end of every calendar quarter) on daily end of day utilization of cash margins during the relative period maintained by it in excess of the minimum prescribed cash margin as notified by Clearing Corporation from time to time.

5. Interest on utilization of cash margin shall be paid at a rate not exceeding 100 basis points lower than the weighted average of 91 days Treasury Bills cut-off yields at the last three auctions held before the relevant interest payment date. The benchmark instrument to which such cash compensation would be pegged as well as spread between the yield on the benchmark instrument and the interest rate paid by Clearing Corporation may be changed from time to time after due notification to the members.

CHAPTER IV: PROCESSING OF RUPEE DERIVATIVES TRADES

G. EXPOSURE CONTROL AND ACCEPTANCE OF RUPEE DERIVATIVE TRADES OF MEMBERS OF RUPEE DERIVATIVES (GUARANTEED SETTLEMENT) SEGMENT

1. Clearing Corporation shall subject all eligible matched trades to verification of adequacy of margins for both Members to a trade on a trade by trade basis. This process is termed as "Exposure Check". Trades which pass through Exposure Check shall be accepted for guaranteed settlement by the Clearing Corporation. The process of checking adequacy of margin shall be run at such frequency as may be notified by Clearing Corporation from time to time. **Novation shall take effect as and when Clearing Corporation accepts trades for settlement under its Central Counterparty Clearing.**