



# THE CLEARING CORPORATION OF INDIA LTD.

## NOTIFICATION

### CLS SEGMENT

**This has been superseded by Notification No. CCIL/FXS-CLS/15/72 dated 02-Dec-2015 on Prefunding Arrangement in the CLS Segment**

**Date: June 25, 2008**

**Notification No: CCIL/FX-CLS/08/20**

**To,  
All Members**

Dear Sir,

### Prefunding Arrangement in the CLS Segment

As per the Risk Management Process adopted for the CLS Segment, payouts of obligations due to members are made only after equivalent pay-ins in other currencies are received or are fully collateralized. The accepted collateral for additional limit is USD cash or GOI securities.

In terms of Chapter III (A) (1) and with Chapter III (B) (1) & III (B)(2) of the CLS Regulations, Members are advised that they are permitted to cover risk exposure limits by arranging to credit the account of Clearing Corporation with its Correspondent Bank equivalent funds in eligible currencies on the day of settlement or one day before the settlement day for which additional limit is required. The eligible CLS currencies are EUR, GBP, CAD and USD. The funds towards Prefunding may be received either one day before the settlement date or before the specified cut-off time on the settlement date. Funds received one day before settlement date re eligible for compensation net of costs, charges and taxes.

A detailed work flow along with the handling charges, the cut-off times stipulated and corresponding changes to the Regulations are enclosed herewith.

Thanking you,

Yours faithfully,

Sd/-

**For The Clearing Corporation of India Ltd,**

**Managing Director**

Enclosures.



***Annexure I***

*(Forms Integral Part of Notification No CCIL/FX-CLS/08/20) dated June 25, 2008*

**Change to the CLS Regulations**

**CHAPTER III COLLATERAL**

***J) Prefunding in the CLS Segment***

- 1 Member desirous of prefunding shall give in writing an advance notice to Clearing Corporation. Clearing Corporation shall consider such application on merits subject to the Member agreeing to arrange an amount equal to 100% of the additional limit sought by it in CLS Eligible currencies. The CLS currencies eligible for prefunding shall be notified to members from time to time
- 2 Upon obtaining approval, the Member shall arrange to credit the Account of Clearing Corporation with the correspondent Bank an amount equal to 100% of the additional limit sought within the prescribed cut –off time as per process notified from time to time for the relevant settlement day. For credits made prior to the settlement day, interest earned by Clearing Corporation on such credit, if any, net of costs, charges and taxes etc., shall be paid to the member. The decision of Clearing Corporation with respect to calculation of interest rate shall be final.
- 3 Provided that if it comes to the notice of Clearing Corporation that the amount referred to in para J(2) above has not been credited to its account with the correspondent bank by the closure of RTGS in the relevant currency, Clearing Corporation shall be entitled, at its sole discretion, to withhold eligible counter value funds due to the concerned member to the extent of the prefunding sought. Withheld counter currency amount shall be paid to the Member upon receipt of the prefunded amount or counter value funds in CLS currencies. Members will pay to Clearing Corporation overdraft interest charges, if any, as notified by Clearing Corporation from time to time and no interest claim shall lie against Clearing Corporation on this account.
- 4 Clearing Corporation may, at the specific request of a Member, consider relaxation in the notice period or such other alteration of the terms of prefunding subject to such terms and conditions as it may decide from time to time.
- 5 Clearing Corporation shall return the prefunded amount deposited as provided in Para J(2) above to the Member upon fulfillment of its obligations in regard to the settlement for the respective settlement date or shall allow the Member to utilize this amount for fulfillment of the settlement obligation for the respective settlement date.

***Annexure II***

*(Forms Integral Part of Notification No CCIL/FX-CLS/08/20) dated June 25, 2008*

**Prefunding workflow:****Prefunding on one day before the settlement date.**

- a) Members desirous of making fund contributions in USD, EUR, GBP and CAD shall intimate CCIL via email or fax the currency and the amount to be pre funded.
- b) Members shall remit the funds directly to CCIL's account with its Correspondent Bank in the respective currency.
- c) Payment instructions for credit of the pre funded amounts to be adjusted against the member's obligations on the settlement date should contain the relevant CLS reference number in field 21.
- d) CCIL shall, on receipt of credit in its account with the Correspondent Bank at least one hour before the cut-off time indicated, undertake to place these funds in deposit.
- e) Funds received after the cut-off time on the day before settlement shall be eligible for sweep interest.
- f) The amount (the principal amount and/ or interest) shall be returned to the member on the settlement date, on receipt of the counter value funds under advice to the member.
- g) If the counter value funds from the member are not received by CCIL on the Settlement date (until the closure of the RTGS system of the currency in which the member has pre funded), CCIL shall not be liable to return the pre funded amount on the settlement date to the member. In all such cases, the pre funded amount shall be returned only on the next day, after receiving the obligation.

**Prefunding on the settlement date.**

- a) Members desirous of making fund contributions in USD, EUR, GBP and CAD shall intimate CCIL via email or fax the currency and the amount to be pre funded.
- b) Members shall remit the funds directly to CCIL's account with its Correspondent Bank in the respective currency.
- c) Payment instructions for credit of the pre funded amounts to be adjusted against the member's obligations on the settlement date should contain the relevant CLS reference number in field 21.
- d) The amount (the principal amount and/ or interest) shall be returned to the member on the settlement date on receipt of the counter value funds under advice to the member.
- e) If the counter value funds are not received by CCIL on the Settlement date (until the closure of the RTGS system of the currency in which the member has pre funded), CCIL shall not be liable to return the pre funded amount on the settlement date to the member. In all such cases, the pre funded amount shall be returned only on the next day, after receiving the obligation.

*Annexure II-Contd*

*(Forms Integral Part of Notification No CCIL/FX-CLS/08/20) dated June 25, 2008*

The charges to be levied in respect towards handling cost on Prefunding are as follows:

<b>Particulars</b>	<b>GBP</b>	<b>EUR</b>	<b>CAD</b>	<b>USD</b>
a) Interest earned less than 100 in the currency concerned	Actuals (minimum GBP 5)	Actuals (minimum EUR 7)	Actuals (minimum CAD 10)	Actuals (minimum USD 10)
b) Interest earned between 100 and 1000 in the currency concerned	GBP 8	EUR 10	CAD 15	USD 15
c) Interest earned more than 1000 in the currency concerned	GBP 10	EUR 13	CAD 20	USD 20

The cut-off times stipulated for Prefunding on the day before settlement are as follows:

<b>Currency</b>	<b>Cut-off time for Prefunding</b>	<b>Remarks</b>
USD	19.30 IST	
CAD	18.30 IST	
GBP	17.00 IST	For advices received at the last minute the funds will be placed on a best effort basis.
EUR	18.30 IST	For advices received at the last minute the funds will be placed on a best effort basis.