

NOTIFICATION

**This has been superseded by Notification No. CCIL/FX/USD-
INR/14/25 dated 02-Jul-2014 on Changes to Forex Settlement
Regulations**

Date: April 13, 2010

Notification No.: CCIL/FX/USD-INR/10/08

**To,
Member Banks
Forex Segment**

Dear Sir/Madam,

Changes to the Forex Settlement Regulations.

We advise that certain changes to the regulations of the forex settlement segment have been necessary to give effect to

- i) Guaranteed settlement of Forex Forward trades (refer notification **CCIL/FX-FF/09/19** dated 5th November,2009)
- ii) INR pre-funding for additional buy position (refer notification **CCIL/FX/USD-INR/10/01** dated January 13, 2010)

Members are hereby notified that the corresponding changes to the Forex Settlement Regulations have been updated on the CCIL website. The Glossary of changes to the Regulations is enclosed herewith as **Annexure**.

Members are requested to take note of the revised Forex Settlement Regulations. The above changes shall be with immediate effect.

Yours faithfully,
for Clearing Corporation of India Limited,

sd/-
p.Managing Director

GLOSSARY OF CHANGES IN THE FOREX SETTLEMENT REGULATIONS

Chapter & Clause	OLD Regulations	Revised Regulation
Chaper VII : Risk Management (B) (2)	<p>During the course of processing for netting and settlement, Clearing Corporation shall arrive at the net payable amount in USD by a member in respect of the matched trades pertaining to such member for the respective settlement date and such net amount shall be compared with the exposure limit for the respective member. Such exposure check shall commence on Trade date for cash, tom and spot trades and two days before settlement date for forward trades. If such net payable amount is found to be within the exposure limit as defined in Sub-regulation B.1 above, all such matched trades for such member shall be accepted for guaranteed settlement by Clearing Corporation. If, however, such net payable amount is more than the exposure limit, Clearing Corporation may accept USD sale trades of such member for such amount (in order outlined below) as may result in the net payable amount in USD to be within the exposure limit as stated in Sub-regulation B.1 above. For the purpose of exposure monitoring, matched trades in every batch will be reckoned in the following order till further notice:</p> <ul style="list-style-type: none"> i) Forward Deals received from FX-Clear ii) Forward Deals received directly from Members. iii) Spot Deals received from FX-Clear iv) Spot Deals received directly from Members v) Tom Deals received from FX-Clear vi) Tom Deals received directly from Members vii) Cash Deals received from FX-Clear viii) Cash Deals received directly from Members 	<p>During the course of processing for netting and settlement, Clearing Corporation shall arrive at the net payable amount in USD by a member in respect of the matched trades pertaining to such member for the respective settlement date and such net amount shall be compared with the exposure limit for the respective member. Such exposure check shall commence on Trade date for cash, tom and spot trades and two days before settlement date for forward trades <u>and netted positions, if any, for that member received from the Forex Forward segment.</u> If such net payable amount is found to be within the exposure limit as defined in Sub-regulation B.1 above, all such matched trades for such member shall be accepted for guaranteed settlement by Clearing Corporation. If, however, such net payable amount is more than the exposure limit, Clearing Corporation may accept USD sale trades of such member for such amount (in order outlined below) as may result in the net payable amount in USD to be within the exposure limit as stated in Sub-regulation B.1 above. For the purpose of exposure monitoring, matched trades in every batch will be reckoned in the following order till further notice:</p> <ul style="list-style-type: none"> i) <u>Netted position received from the Forex Forward Segment.</u> ii) Forward Deals received from FX-Clear iii) Forward Deals received directly from Members. iv) Spot Deals received from FX-Clear v) Spot Deals received directly from Members vi) Tom Deals received from FX-Clear vii) Tom Deals received directly from Members viii) Cash Deals received from FX-Clear ix) Cash Deals received directly from Members

Chapter & Clause	OLD Regulations	Revised Regulation
<p>Chaper VII : Risk Management (B) (2)</p>	<p>5) Additional limits for USD buy positions</p> <p>5.1 Clearing Corporation may, at its sole discretion, allow the member to have additional limit for USD buy positions in addition to the limits set by Clearing Corporation for such member in terms of clause B.3.2 above. Such limit may be allowed for a single settlement date or for certain specified period, as the case may be. The member availing of such limit shall deposit such margin as may be required by Clearing Corporation in terms of its Risk Management process. Any amount deposited by the member on this account shall be allowed to be withdrawn only after the additional exposures taken on the account of the member due to such additional limit is extinguished.</p> <p>Any deposit of margin in this regard may be treated as an additional contribution to the SGF of the member and shall be subject to the Regulations applicable for such SGF.</p>	<p>5) Additional limits for USD buy positions</p> <p>5.1 Clearing Corporation may, at its sole discretion, allow the member to have additional limit for USD buy positions in addition to the limits set by Clearing Corporation for such member in terms of clause B.3.2 above. Such limit may be allowed for a single settlement date or for certain specified period, as the case may be.</p> <p>a) <u>A member seeking such additional limit shall arrange to credit INR funds to the proprietary account of Clearing Corporation an amount equal to the 100% of the additional limit sought by it within the cut-off time as stipulated by Clearing Corporation from time to time.</u></p> <p><u>Provided that, if it comes to the notice of Clearing Corporation that the INR amount has not been credited to its proprietary account with RBI within the stipulated cut-off time, Clearing Corporation shall have the right to debit member's account with the RBI with the amount of INR settlement obligation in full.</u></p> <p>b) <u>A member seeking such additional limit may also be permitted at the discretion</u> of Clearing Corporation to deposit such margin as may be required in terms of its Risk Management process. Any amount deposited by the member on this account shall be allowed to be withdrawn only after the additional exposures taken on the account of the member due to such additional limit is extinguished.</p>
<p>Chapter VI: Defaults (D) (3) Loss Allocation Procedure</p>	<p>c) The share of each Member in the loss allocation procedure outlined above will be equal to the defaulting Member's default amount, multiplied by the notional net bilateral amount payable by the defaulting Member to other Members and divided by the total net receivables of Members from the defaulting Member;</p>	<p>c) The share of each Member in the loss allocation procedure outlined above will be equal to the defaulting Member's default amount, multiplied by the notional net bilateral amount payable by the defaulting member to such Member for that settlement day (S day) and divided by the total net receivables of Members from the defaulting Member;</p>

Chapter & Clause	OLD Regulations	Revised Regulation
		<p><u>For the members of the Forex Forward segment, whose netted position arising out of accepted forward trades are transferred to this segment, the notional net bilateral amount payable will include the underlying forward trades of the netted position received from the Forex Forward segment, including the cash allocated trades, if any, in terms of Chapter IV (E) (9) of the Forex Forward Regulations.</u></p> <p><u>If the trades of the defaulting member include cash allocation trades where such member is the allocatee, the counterparty, for the purposes of arriving at bilateral exposure, shall be the “allocator” member, as defined in Chapter IV (E) (9) of the Forex Forward Regulations.</u></p> <p><u>If there is a default by the member on whose account the Cash allocation has happened, for the purpose of arriving at bilateral exposure, the cash allocation trades for which CCIL becomes a counterparty be excluded.</u></p>