



**THE CLEARING CORPORATION OF INDIA LTD.**

**NOTIFICATION**

**This has been superseded by Notification No. CCIL/FX/USD-INR/19/18 dated 10-Apr-2019 on Change in the time of transfer of Netted Forward position to Forex Settlement Segment**

**8<sup>th</sup> January 2019**

**Notification No.: CCIL/FX/USD-INR/19/06**

**All Member Banks  
Forex Settlement Segment**

Dear Sir/Madam,

**Re: Changes to Forex Settlement Regulations.**

Currently, the prescribed form of Initial Margin contributions to the Settlement Guarantee Fund (SGF) in the Forex Settlement Segment is U S Dollar Cash. However, the Forex Settlement Segment Regulations have an enabling provision to accept U S Treasury Bills directly from members which is currently not the prescribed form of SGF.

In view of the above, it is proposed to remove the enabling provision to accept US Treasury Bills in the Forex Settlement Segment Regulations for more clarity.

The changes to the Regulations of the Forex Settlement Segment have been appended herewith as **Annexure**. The updated Regulations are also available on our website ([www.ccilindia.com](http://www.ccilindia.com)) under Membership section.

We advise that the changes to the Forex Settlement Segment Regulations shall come into effect as on **8<sup>th</sup> February, 2019**.

Yours faithfully,

**for The Clearing Corporation of India Ltd.,**

**sd/-  
Managing Director**

**Annexure to Notification No.CCIL/FX/USD-INR/19/06**

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**CHANGES TO REGULATIONS**  
***(FOREX SETTLEMENT SEGMENT- ANNEXURE)***

## CHAPTER III : SETTLEMENT GUARANTEE FUND

### A. PURPOSE

1. Clearing Corporation shall maintain a dedicated Settlement Guarantee Fund (hereinafter referred to as “SGF”) in respect of the Forex Settlement Segment with a view to meeting the risk arising out of any shortage/default by its Members.
2. Such SGF shall be utilized for such purposes as provided in the Bye-Laws, Rules and Regulations including towards meeting default obligations/ shortage/deficiencies and/or any other dues arising out of normal Clearing and Settlement operations undertaken by Clearing Corporation as part of its day to day operations.

### B. COMPOSITION

1. The dedicated SGF may be formed with contributions from Members in the form of cash (in U S Dollar) ~~or US Treasury Bills in any other form~~ as may be ~~decided~~ notified by Clearing Corporation from time to time.
- ~~2. Clearing Corporation may require every Member to contribute a minimum specified percentage of margin requirements in the form of cash as may be notified by Clearing Corporation from time to time. The proportion of the cash to eligible securities to be maintained by a Member may be changed by Clearing Corporation from time to time.~~
2. Clearing Corporation shall be authorized to invest the cash contribution received from Members in U S Treasury Bills, bank deposits or such other instruments in accordance with the Investment Policy of the Clearing Corporation;
3. Upon its admission, a Member’s contribution to SGF shall be a condition precedent for Clearing Corporation to accept Trades from the Member and/or on its behalf for Clearing and Settlement;
4. A Member’s contribution to SGF shall be available to cover its margin obligations towards Exposure Limit, Mark to Market Margin and/or any other margin that may be prescribed in Chapter VII relating to “Risk Management” in these Regulations.
5. A Member shall at all times ensure that its contributions to SGF are adequate to cover Exposure Limits including any additional margin requirements therefor on the outstanding Trades accepted by Clearing Corporation on behalf of that Member as per Chapter VII relating to “Risk Management” in these Regulations.

### C. INTEREST ON CONTRIBUTIONS TO SGF

~~In the event of Clearing Corporation requiring its Members to make their entire contributions to SGF in the form of cash in USD,~~ Clearing Corporation shall invest ~~such~~ cash contribution received from members in USD Deposits/US Treasury Bills and distribute earnings arising out of such investments (excluding revaluation gains/loss, net of costs / taxes if any, on the basis of average daily cash balances to the Members at half-yearly rests);

### D ADMINISTRATION

1. Clearing Corporation shall have absolute control over the administration, manner and mode of investment of cash margins deposited by Members including appointment of a Custodian for management and/or deployment of such contributions;
2. ~~The contributions made by the Members to SGF in the form of U S Treasury Bills and/ or~~ ~~†~~The investments made by Clearing Corporation on behalf of the Members in ~~such U S Treasury Bills/ Securities~~ shall be held with the Custodian appointed by Clearing Corporation;
3. In the event of Clearing Corporation appointing a Custodian to manage Member contributions denominated in USD to SGF, all terms and conditions governing such arrangement with the Custodian shall automatically be binding on its Members;
4. Clearing Corporation shall have the absolute right to utilize any of the securities held by it on behalf of Members with the Custodian to meet shortages/defaults and/or deficiencies in the Clearing and Settlement process arising either out of a default by the Member or any other Member in such sequence of application as detailed in Chapter VI related to Settlement Shortage and Defaults of these Regulations;
5. Clearing Corporation shall also be authorised to pledge, hypothecate, create any charge and/or encumbrance ~~over securities on the investments made from the cash contribution received from Members in U S Treasury Bills, bank deposits or any other instruments deposited by members towards their contribution to SGF~~ for availing line of credit/repo or any other facilities both in INR and USD from RBI, Banks, Institutions and/or any other entities either in India and/or in the United States of America, for the purpose of clearing and settlement of transactions accepted by it;
6. Clearing Corporation shall have paramount lien on contributions made by any of its Members to SGF towards any amount due from such Members towards recovery of losses, charges, penalties or any other amount due to Clearing Corporation and Clearing

Corporation shall be entitled to utilize the contributions or the proceeds arising out of the contribution, ~~if in the form of securities~~, to appropriate towards recovery of losses, charges, penalties or any other amount due to Clearing Corporation and any default obligations/shortages/deficiencies and/or any other dues of such Member arising out of normal Clearing and Settlement operations undertaken by Clearing Corporation as part of its normal day to day operations;

#### **E WITHDRAWAL FROM SGF**

1. Members shall be entitled to withdraw their contributions to SGF in excess of their obligations to cover their margin requirements and/or any other amount payable to Clearing Corporation, by giving prior notice as per the workflow process notified by Clearing Corporation from time to time to Clearing Corporation and/or its Custodian as applicable in the format prescribed for the purpose;
2. Members shall ensure at the time of lodging such requests for withdrawal of excess contributions to SGF ~~either in the form of cash and/or securities, that the cash component of their contributions to SGF~~ do not fall below the prescribed ratio of SGF contribution after such withdrawal is effected.

#### ~~**F RECEIPTS AND DELIVERIES OF U S TREASURY BILLS**~~

- ~~1. In the event of Clearing Corporation requiring its members to contribute US Treasury Bills to SGF, such contribution shall be in multiples of market lots.~~
- ~~2. Members shall arrange to deposit their contributions to SGF by ensuring credit of U S Treasury Bills and advise the Clearing Corporation in the format prescribed for the purpose.~~
- ~~3. Members shall ensure that all relevant details as required by Custodian/Clearing Corporation to carry out such trades in the Custody accounts are furnished.~~
- ~~4. The Clearing Corporation shall reckon the credit to the Member's account only on receipt of confirmation of credit to its account with Custodian. Such credit shall be reckoned for purpose of margin computation in respect of a Member at the start of the business day following the date of receipt of deposit intimation by Custodian;~~
- ~~5. Members shall be entitled to withdraw U S Treasury Bills from their contributions to SGF by giving prior notice as per the workflow process notified by Clearing Corporation from time to time;~~

- ~~6. Withdrawal of U S Treasury Bills by a Member shall result in reduction from its SGF balance as and when instructions to transfer such securities to the concerned Member are issued to Custodian by Clearing Corporation;~~
- ~~7. Members shall be entitled to substitute US Treasury Bills deposited as contribution to SGF by giving prior notice as per the workflow process notified by Clearing Corporation from time to time.~~
- ~~8. Members may substitute U S Treasury Bills and ensure that the SGF balance after substitution shall be sufficient to cover its margin obligation.~~

#### **GF CASH CONTRIBUTION TO SGF – PAYMENTS AND RECEIPTS**

1. Members shall effect cash contribution to SGF in U S Dollar as per the work flow process notified by Clearing Corporation from time to time in respect of their respective margin obligations;
2. Clearing Corporation shall not in any manner be responsible for any consequences that may arise on account of non-receipt of deposits from Members towards their cash contributions to SGF;
3. Members shall be entitled to receive credit for their U S Dollar cash deposits into SGF upon receipt of confirmation from Settlement Bank. Such credit of Member's cash deposit into SGF shall be reckoned from the start of the business day following the date of receipt of deposit intimation from Settlement Bank;
4. Withdrawal of U S Dollar cash contributions by Members shall be reduced from and reflected in their SGF balances as and when instructions to transfer such amounts to the Members are issued to Settlement Bank by Clearing Corporation.

#### ~~i) H REDEMPTION OF U S TREASURY BILLS CONTRIBUTED TO SGF~~

- ~~1. Members shall monitor their U S Treasury Bills contributions to SGF to ensure that T-Bills falling due for redemption are withdrawn from SGF well in advance before the redemption date and substituted by eligible securities of equivalent value. In the event of their failing to do so, redemption proceeds receivable by the Members on such Treasury Bills shall be received by Clearing Corporation for and on behalf of the Members in the manner and mode prescribed by Custodian as applicable;~~
- ~~2. Redemption proceeds received by Clearing Corporation shall be treated as additional cash contribution to SGF and accordingly credited to the Members account.~~

**I. G. UNUTILISED SGF OF SECURITIES SEGMENT**

1. Clearing Corporation may also consider the unutilized portion of Securities segment SGF towards margins for Forex Settlement segment. Member shall be deemed to have authorized the Clearing Corporation to utilise the unutilised portion of Securities Segment SGF towards margins for Forex Settlement segment. Such margins for Forex Settlement segment shall be blocked out of the unencumbered SGF available at that point as per procedure notified from time to time.
2. The proportion of the Cash to Securities, if any, to be maintained by the Member shall be notified by Clearing Corporation from time to time
3. The provisions governing the administration of the SGF including receipt and withdrawal of securities and cash contributions, investment of the funds and corporate actions thereon shall be governed by the Securities Segment Regulations of Clearing Corporation.