



THE CLEARING CORPORATION OF INDIA LTD.

**NOTIFICATION**

**CLS Segment**

**This has been superseded by Notification No. CCIL/FXS-CLS/19/33 dated 28-Aug-2019 on Changes to the CLS Segment Regulations - UBS Switzerland AG, CLS Membership Change**

Date: January 14, 2019

Notification No.: CCIL/FXS-CLS/19/06

To,

**Member Banks**

Dear Sir/Madam

**Changes to the CLS Segment Regulations**

RBI had permitted eligible Banks for setting up International Financial Services Centre (IFSC) Banking units (“IBU”) in International Financial Service Centres “IFSC” and operate from there including Gujarat International Finance Tec-City (GIFT), an IFSC and multi-specialty special economic zone created by the Government of Gujarat.

Approvals have been accorded by RBI for inclusion of cross currency transactions of branches of banks in India set up in IFSC –GIFT city Gujarat through the CCIL CLS mechanism.

Members are hereby advised that the CLS Segment Regulations have been updated to reflect the above arrangement.

The changes effected to the Regulations of the CLS Segment are enclosed as **Annexure**.

The updated Regulations are available on our website ([www.ccilindia.com](http://www.ccilindia.com)) under Membership section and shall be effective from **February 15, 2019**.

Yours faithfully,  
**For The Clearing Corporation of India Ltd.,**

**Sd/-  
Managing Director**

Annexure to Notification No. CCIL/FXS-CLS/19/06

**THE CLEARING CORPORATION OF INDIA  
LIMITED**

**CHANGES TO REGULATIONS  
(CLS SEGMENT)**

## **Changes to CLS Segment Regulations**

### **Chapter II : Definitions**

29. “IFSC Banking Unit” or an “IBU” means a bank permitted by the Reserve Bank of India under the Banking Regulation Act, 1949 to operate from an International Financial Services Centre (IFSC).

### **Chapter III : Membership**

#### **1 A. ELIGIBILITY CRITERIA**

##### **(i) For Banks other than IFSC Banking Units.**

An Applicant seeking Membership of CLS segment of Clearing Corporation shall

- a. be a member of Forex Segment of Clearing Corporation;
- b. be a member of Securities Segment of Clearing Corporation;
- c. have adequate risk management systems and policies in place and qualified personnel in its employment

##### **(ii) For IFSC Banking Units:**

- a. The parent entity of the IBU should be a member of Clearing Corporation’s CLS segment.
- b. The parent entity of the IBU should provide for minimum capital as laid down by the Regulator to its IBU at all times.
- c. The IBU should have a separate BIC code distinct from its parent entity.
- d. The IBU unit should hold separate Nostro accounts which would be distinct from Nostro accounts maintained by parent entity.
- e. The IBU should have adequate risk management systems and policies in place and qualified personnel in its employment

#### **D. MEMBER ID**

1. Every applicant, who is already a Member of the forex segment of Clearing Corporation, and upon its admission as a member of CLS segment, shall use the Membership ID that has already been allotted to it, unless specifically advised otherwise by Clearing Corporation. An IBU shall be allotted the Membership ID consequent to its fulfilling the eligibility criteria for CLS segment membership.
2. Every Member shall incorporate the Member Id in all its communications to Clearing Corporation; every member shall incorporate its SWIFT BIC code in all its communications designed to go over SWIFT.

3. Non- incorporation of Membership ID / SWIFT BIC code, as applicable, in any communication by the member shall absolve Clearing Corporation of liabilities or consequences of non-action by Clearing Corporation
4. Every member shall ensure that the use of its Membership ID is restricted to its authorized personnel only
5. Clearing Corporation and/or any of its officials shall not in any way be liable for any loss or consequences that may arise on account of unauthorized and/or wrongful use of Membership ID.

## **Chapter IV Collateral**

### **B. COMPOSITION**

1. Collateral contributed by members may be in the form of cash, Bank Guarantee as specified by Clearing Corporation or eligible Government Securities, or any other form as may be notified by Clearing Corporation from time to time.
2. The cash contributions referred to in section B.1 above may be in the form of either in INR or in any of CLS eligible currency(ies) as may be notified by Clearing Corporation from time to time
3. Collateral contributions by an IBU would be in the form of US Dollars only.
4. Clearing Corporation may at its absolute discretion require Members to deposit their entire contribution(s) to Collateral in the form of cash in INR or any other eligible CLS currencies.
5. Clearing Corporation shall be authorized to invest the cash contribution received from Members in Government Securities, bank deposits or such other instruments in accordance with the Investment Policy of the Clearing Corporation.
6. Clearing Corporation shall specify the list of eligible securities which shall qualify for contribution to Collateral. The list of securities eligible for such contribution shall be notified to the Members by Clearing Corporation from time to time;
7. Clearing Corporation may at its absolute discretion specify the type of security including the maximum contribution to be made in a single security towards the Collateral.
8. Clearing Corporation may at its absolute discretion and upon being so authorized by a member consider the unutilized portion of Settlement Guarantee Fund tendered by a member for Securities Segment, towards collateral for CLS Segment. Such provisions of Securities Segment Regulations pertaining to members' SGF Contributions as decided by Clearing Corporation shall be applicable to such collateral which shall be notified to the Member from time to time.

9. A Member shall at all times ensure that its contributions to Collateral are adequate to cover Exposure Limits (in terms of Chapter VIII relating to Risk Management in these Regulations) on the outstanding trades reported for settlement.

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