



NOTIFICATION

This has been superseded by Notification No. CCIL/FX/USD-INR/21/34 dated 29-Oct-2021 on Changes to the Forex Clearing and Settlement process timing

22nd January, 2020

Notification No.: CCIL/FX/USD-INR/20/05

**All Member Banks
Forex Settlement Segment**

Dear Sir/Madam,

Re: Change in the time of transfer of Netted Forward position to Forex Settlement Segment.

We invite your attention to our Notification No. CCIL/FX/USD-INR/19/18 dated 10th April, 2019 regarding change in the time of transfer of Netted Forward position to Forex Settlement Segment. Members are advised to take note of the enhancements/modifications in the transfer of Netted Forward position to Forex Settlement Segment. Accordingly, the afore-mentioned notification stands revised as below with the enhancements / modifications underlined therein.

In terms of Chapter IV (E)(4) of the Forex Forward Regulations, the forward netted positions arising out of underlying forward trades are transferred from the Forex Forward segment to Forex Settlement segment on S-2 day. These netted forward positions are subjected to exposure check on S-2 day and are accepted for settlement to the extent of member's Exposure Limit (EL) for value Spot in the Forex Settlement segment.

Banks may please be advised that the netted forward position will be transferred at **8:15 p.m.** as against **5:30 p.m.** and thus will continue to be part of the Forex Forward segment portfolio until the evening of S-2 day. However, members shall continue to ensure that the netted forward positions are within the Exposure Limit by the prescribed cut-off time of 11:00 a.m. on S day. If there is any breach of Exposure Limit at 11:00 a.m. on S day, the position which remains in breach shall be Cash Settled.

The changes to the Regulations of the Forex Settlement and Forex Forward have been appended herewith as **Annexure I** & II respectively. The updated Regulations are also available on our website (www.ccilindia.com) under Membership section.

This notification shall be effective **27th January, 2020** onwards.

Yours faithfully,

for The Clearing Corporation of India Ltd.,

sd/-

Managing Director

Encl: as above

Annexure of Notification No.CCIL/FX/USD-INR/20/05

THE CLEARING CORPORATION OF INDIA LIMITED

**CHANGES TO REGULATIONS
(FOREX SETTLEMENT SEGMENT- ANNEXURE I)**

CHAPTER I: INTRODUCTION

The Regulations framed hereunder shall be called "The Clearing Corporation of India Ltd. (Forex Settlement Segment) Regulations, 2009". (*As amended in ~~October 2019~~ January, 2020*)

CHAPTER IV : TRADE SETTLEMENT

F. EXPOSURE CONTROL

Trades would be subjected to margin adequacy check in terms of the process described in Chapter VII, prior to acceptance by Clearing Corporation.

Outstanding forward trades accepted for settlement for a settlement day (S day) in the Forex Forward segment shall be netted Member-wise two business days before the settlement day (i.e. S-2 day). The netted positions arising out of such forward trades shall be subjected to Exposure Check on S-2 day in the Forex Settlement segment. All forward trades once accepted for settlement will be deemed to be transferred to the Forex Settlement Segment for settlement.

(ANNEXURE VI)

Schedule for Processing

Batch Name	Process timing
Forex Forward position process	<u>5:30 p.m. 8:15 p.m.</u>
Cut-off process	1:30 p.m.
Netting process	1:30 p.m.

Annexure to Notification No.CCIL/FX/USD-INR/20/05

THE CLEARING CORPORATION OF INDIA LIMITED

**CHANGES TO REGULATIONS
(FOREX FORWARD SEGMENT- ANNEXURE II)**

CHAPTER IV : PROCESSING OF FORWARD TRADES

E. Exposure controls and Acceptance of Forward Trades for guaranteed Settlement

1)

- a) All eligible forward trades received directly from Members shall be subject to checks for adequacy of margin for both counterparties to the trade on a trade by trade basis. This process is henceforth referred to as 'Exposure Check'. Exposure check shall be carried out online during the business hours as notified by Clearing Corporation. Trades which pass through exposure check shall be accepted for guaranteed settlement by the Clearing Corporation. Novation shall take effect as and when Clearing Corporation accepts trade for settlement.

Trades which fail to pass through exposure check shall remain in queue and be eligible for consideration on a FIFO basis. Exposure validation for such trades shall be performed on a continuous and ongoing basis until the end of S-3 day. If a trade fails to pass exposure check even at this stage, such a trade shall stand rejected.

Trades accepted for settlement shall be subject to risk exposure controls as set out in Chapter VIII of these regulations.

- b) The exposure check of the forward trades received from Forex Dealing System shall be on an on-line basis. The margin amount as contributed by the member before commencement of trading on Forex Dealing System shall be appropriated towards the margin obligation required to be fulfilled by a Member in relation to the risk exposures on the matched deals on the Forex Dealing System or on the trades reported directly by members to Clearing Corporation in the order of time at which such trades are received.

If the margin amount contributed is inadequate, the SGF value made available for this segment, if any, shall be blocked towards the balance margin requirement.

- 2) Trades accepted for settlement shall be subject to risk exposure controls as set out in Chapter VIII of these regulations.
- 3) The process of checking adequacy of margin shall be on an online basis or shall be run at such frequency as may be decided and notified by Clearing Corporation from time to time and Clearing Corporation shall indicate acceptance of such trades for guaranteed settlement only after this check.
- 4) Outstanding forward trades accepted for settlement for a settlement day (S day) in the Forex Forward segment shall be netted member-wise two business days before the settlement day (i.e. S-2 day). The netted positions arising out of such forward trades shall be subjected to exposure check on S-2 day in the Forex Settlement segment. All forward trades once accepted for settlement will be deemed to be transferred to the Forex Settlement Segment for settlement. The settlement of netted positions arising out of such forward trades shall be governed by the Forex Settlement Regulations for the settlement and defaults, if any, and such Forex Settlement Regulations shall be deemed to have been incorporated in these Regulations to that extent.