



**NOTIFICATION**

CCIL/Legal/24/10

07<sup>th</sup> June, 2024

To,

All Members

**Settlement of Government Securities Lending Transactions (GSL Transactions)**

On 27<sup>th</sup> December, 2023, the Reserve Bank of India (RBI) notified the Reserve Bank of India (**Government Securities Lending) Directions, 2023** (“Directions”) vide the Notification reference: FMRD.DIRD.No.06/14.03.061/2023-2024. The Directions are applicable to all GSL Transactions undertaken in Over-the-counter markets. The Clearing Corporation of India Limited (“CCIL”) shall undertake settlement of GSL Transactions as a part of its Securities Segment settlement process.

2. *GSL Transaction refers to dealing in Government securities involving lending of eligible Government securities, for a fee, by the owner of those securities (the lender) to a borrower, on the collateral of other Government securities, for a specified period of time, with an agreement that the borrower shall return to the lender the security borrowed and the latter shall return the security received as collateral to the former at the end of the agreed period;*
3. CCIL shall act as a Central Counterparty to all GSL Transactions received for settlement by CCIL in terms of Securities Segment Regulations;
4. GSL Transactions received would be identified separately, distinct from Outright, Repo and Reverse Repo trades;
5. GSL Transactions shall be treated akin to repo trades for the purpose of settlement;
6. For GSL Transactions, Securities netting would be processed along with outright and market repo trades while funds netting would be processed along with outright, market repo, and Triparty Repo Transactions;
7. GSL Transactions for Securities against Securities shall involve two repo trades, wherein the Security lender receives another security in exchange for the lent security. Charges shall be applied for the first leg of each GSL Transaction.

8. GSL Transactions shall be settled by CCIL as Central Counterparty in terms of CCIL Bye-Laws, Rules and Securities Segment Regulations;
9. All other provisions including, 'shortage handling' and 'risk management' as applicable to extant settlement of outright and Market Repo trades shall be applicable for settlement of GSL Transaction also.

To reflect the above arrangement, Members are hereby advised that the following have been amended.

1. Bye-Laws
2. Securities Segment Regulations

The updated Bye-Laws and Securities Segment Regulations are available on our website (<https://www.ccilindia.com/web/ccil/home>) under About Us-Bye-Laws, Rules and Regulations Section.

The changes to the Bye-Laws and Securities Segment Regulations shall be effective from 08<sup>th</sup> July, 2024.

**For The Clearing Corporation of India Limited**

**Sd/-**

**Managing Director**