



**Risk Management Department**

No. RMD/SS/21/21

16<sup>th</sup> Apr' 2021

**FOR INFORMATION OF ALL MEMBERS**

**Securities Segment**

**Collateral Concentration and acceptance of State Development Loans (SDLs) in  
Tri-party Collateral**

In terms of the provisions of Chapter IV.B.3 (a) of the Regulations of the Securities Segment, the Clearing Corporation shall limit the maximum value of illiquid securities that can be deposited as collateral towards Borrowing Limit in this segment.

In this regard, we invite your attention to our Notification No. No. RMD/SS/19/39 dated 09<sup>th</sup> Sep'19 which details the methodology for arriving at the collateral concentration limits. Members are advised to take note that the afore-mentioned notification stands revised as below with the enhancements / modifications underlined therein

a) The revised methodology is as under:

- i) Members will be permitted to avail 100% borrowing limit against GOI securities (including STRIPS) categorised by the Clearing Corporation as liquid and Semi-Liquid Securities. (If the market value net of hair cut of GOI liquid and Semi-Liquid Security (ies) is Rs 500 Cr, then member can avail entire Rs 500 Cr as borrowing limit).
- ii) The collateral deposited by member towards borrowing limit may also include securities categorised as Illiquid GOI securities by the Clearing Corporation. The value of borrowing limit that can be availed against such Illiquid GOI securities shall not exceed 20% of market value (adjusted for haircut as applicable) of GOI liquid and Semi-Liquid Security (ies) already deposited by it. [If the market value net of hair cut of GOI liquid and Semi-Liquid Security (ies) is Rs 500 Cr, then only Rs 100 Cr (market value net of hair cut) in illiquid securities will qualify for borrowing limit].
- iii) Members will also be permitted to deposit State Development Loans (SDLs) as collateral towards borrowing limit. The value of borrowing limit that can be availed against such SDLs shall not exceed 20% of market value (adjusted for haircut as applicable) of GOI



**THE CLEARING CORPORATION OF INDIA LTD**

liquid and Semi-Liquid Security (ies) deposited as collateral towards borrowing limit. [If the market value net of hair cut of GOI liquid and Semi-Liquid Security (ies) is Rs 500 Cr, then only Rs. 100 Cr (market value net of hair cut) in SDLs will qualify for the borrowing limit].

Thus, in the above example, member will get Rs 700 Cr as borrowing limit, viz. Rs 500 Cr in GOI liquid and Semi-liquid security (ies), Rs 100 Cr in Illiquid Securities and Rs 100 Cr in SDLs.

This notification shall be effective from end of the day on **17<sup>th</sup> May'21**.

**Yours faithfully,**

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

**Sd/-**

**Managing Director**