



Risk Management Department

**This has been Superseded by Notification No. RMD/SS/21/27 dated 01-Sept-2021 on Securities Segment Default Fund (revised and updated)**

No. RMD/DF/17/11

March 30, 2017

FOR INFORMATION OF ALL MEMBERS

**Default Fund - Penalty Clause for Non-Replenishment**

As you are aware, CCIL has put in place a member contributed Default Fund for meeting the losses arising out of default by a participant member in all or any of the segments viz., Securities, CBLO, Forex, Forex Forwards and Rupee Derivatives where the trades are settled through CCP Clearing.

2. We invite your attention to our notification Nos. RMD/16/59 – 63 dated 3rd November, 2016 on change in frequency for resizing of default funds and the time lines for replenishment of the shortfall, if any, in the individual contributions of the participants in the above mentioned segments.
3. Currently, as set out in the notifications for respective segments, any shortfall in the default fund contributions, needs to be replenished before 11 AM on the next working day. The details of shortfall etc., are provided to the participants on the same day of shortfall.
4. However, it has been observed that in some cases, the time lines are not being adhered to thus causing the shortfall to continue beyond the stipulated time lines. Such shortfall in the member contributions would lead to inadequacy in the resources available for meeting default losses.
6. In the context of what has been stated above, it has been decided to impose a penalty on the amount of shortfall, if any, in the segmental default fund at EoD. In case of non-replenishment of the default fund within the timelines mentioned, penalty as per the structure in place for charging penalty for margin shortfall would be levied as under:

<b>Penalty for shortfall in default fund (based on number of days in a calendar quarter)*</b>	<b>Penal charges applicable (exclusive of applicable taxes)</b>
For first three days	5 basis points per day on the amount of shortfall
From 4 <sup>th</sup> to 13 <sup>th</sup> days (or till the day of replenishment whichever is earlier)	10 basis points per day on the amount of shortfall
From 14 <sup>th</sup> day onwards till the day of replenishment	20 basis points per day on the amount of shortfall

*\*Penalty below Rs.25/- would be waived*

7. The process will come into effect from 03<sup>rd</sup> May, 2017

For The Clearing Corporation of India Limited  
Sd/-  
Managing Director