



Rupee Derivatives -Guaranteed Settlement

Notification No.: RMD/ DRV/14/12

Date: 20th Mar'14

Settlement Guarantee Fund (SGF) Utilisation for Rupee Derivatives-Guaranteed Settlement.

In terms of the Regulations of the Rupee Derivatives- Guaranteed Settlement, all members desirous of availing the facility of Guaranteed Settlement are required to contribute collateral to cover their margin obligations under Guaranteed Settlement. Further, in terms of the Regulations, unutilized SGF contribution towards Securities Segment shall be applied towards margin obligation of a member arising out of acceptance of Rupee Derivatives trades.

The methodology for exposure check and margining for the Rupee Derivatives-Guaranteed Settlement has been clearly spelt out in the Regulations. As per the process, whenever there is any additional margin requirement, either in respect of already accepted trades of a member or for acceptance of its new trades, it is drawn from the unutilized balance of its abovementioned SGF account. Whenever margin requirement for the accepted trades of a member comes down, the difference amount is added back to the unutilized balance of the abovementioned SGF account of the member.

An illustration of the process of SGF blocking and release is presented in the Annexure.

For The Clearing Corporation of India Ltd.,

**Sd/-
Managing Director**

ANNEXURE

**UTILIZATION OF SECURITIES SEGMENT SGF FOR RUPEE DERIVATIVES -
GUARANTEED SETTLEMENT**

	Particulars	Amt. in crs.	Unutilised SGF Balance (Amt. in crores)
<u>Day 1</u>			
	Total contribution in Securities Segment SGF (at market value after applying hair-cut)		99.67
	Margin Requirement in Securities Segment	12.37	87.30
	Margin Requirement in Other Segments – INR/USD MTM margin	18.10	69.20
	Margin Requirement in the Forex Forward Segment	10.00	59.20
	TOTAL SGF used up at this stage	40.47	59.20
	Margin requirement towards new trades of the Rupee Derivatives Trades	6.52	52.68
	Total SGF used up including for Rupee Derivatives-Guaranteed Settlement at the end of Day 1	46.99	52.68
<u>Day 2</u>			
	Margin Requirement in Other Segments – INR/USD MTM margin released	(18.10)	70.78
	Margin requirement for Securities Segment trades	30.00	40.78
	Margin release for Securities Segment trades	(9.35)	50.13
	Total SGF used up including for Rupee Derivatives-Guaranteed Settlement at this stage	49.54	50.13
	Margin requirement towards new trades of the Rupee Derivatives -Guaranteed Settlement	50.00	0.13
	Increase in Margin requirement on already accepted trades of Rupee Derivatives-Guaranteed Settlement at Risk Valuation	5.25	(5.12)
	Total SGF used up including for Rupee Derivatives-Guaranteed Settlement at the end of Day 2	104.79	(5.12)
	* Margin Shortfall – Rupee Derivatives- Guaranteed Settlement – Rs. 5.12 Crores		

Day 3			
	SGF Balance at the beginning of Day 3	0.00	(5.12)
	Additional margin deposited Rs. 10 Cr. #		
	MTM margin shortfall of Day 2 in Rs. 5.12 Cr. recovered #	5.12	4.88
	Total SGF used up including for Rupee Derivatives- Guaranteed Settlement at this stage	104.79	4.88
	Incremental MTM Margin on IRS outstanding trades recovered	1.00	3.88
	Total SGF used up including Rupee Derivatives - Guaranteed Settlement at the end of Day 3	105.79	3.88

Simultaneous Process – described separately for explanation purposes only