



**THE CLEARING CORPORATION OF INDIA LTD.
RISK MANAGEMENT DEPARTMENT**

Date: 01st Nov'14

Notification No.: CCIL/RMD/DRV/14/36

All Member Banks

Rupee Derivatives (Guaranteed Settlement) Segment

**Rupee Derivatives (Guaranteed Settlement) Segment – Default Fund
Changes to Regulations for Limitation of Liability**

In order to limit the liability of a member to contribute to the Default Fund for this segment, under-noted new provisions have been added to Chapter IX, Default Fund, Clause J of the Regulations for this segment:

QUOTE

(5) The maximum contribution of a member towards replenishment of its contribution to Default Fund for the Rupee Derivatives (Guaranteed Settlement) segment in the 30 days' period immediately after the loss threshold as referred in Chapter II Clause D1(iii) (b) above having been reached, shall not exceed a Notified multiple, of its contribution to Default Fund based on last re-computation of Default Fund contribution of the members carried out as per the process described in Clause B(2) above, subject to a monetary ceiling notified by Clearing Corporation. A member shall not be obligated to contribute any amount in excess of the monetary ceiling during the aforementioned period of 30 days.

(6) The amounts mentioned in (5) above as maximum contribution for a member and the threshold as referred in Chapter II Clause D1(iii) (b) shall be reviewed periodically by the Clearing Corporation based on market size, volatility etc. Any change in any of the ceilings as above or in the threshold as stated above due to such review shall be effected after giving a notice of 90 days to the members.

UNQUOTE

2. Clause J(5) above refers to a 30 day period after a threshold having been reached as defined in the newly added Clause D1(iii)(b) in Chapter II, Membership.

3. In terms of the newly added clauses i.e. Clause D3(c) , Chapter II Membership and Clause B(10), Chapter VII Defaults in the Regulations for this segment, bilateral counterparties with whom trades are closed-out may square off the positions resulting from such close-out in the market and report the same to Clearing

Corporation. Such intimation shall be sent to Clearing Corporation in the prescribed format on the next business day after the close-out. The format for reporting such squaring off of positions is placed at Annexure I. This will enable recovery of loss of the bilateral counter-parties due to close-out from the exiting/defaulting member. In case such recovery from the defaulter is not possible or the recovered amount is less than the amount due for recovery for any reason whatsoever, Clearing Corporation shall however distribute the amount so recovered to the bilateral counterparties in proportion to the amount due to them.

4. All these changes will come into effect from 02nd Dec'14.

5. Members are also requested to refer to the changes in the Regulations as published separately.

Sd/-
Managing Director

ON MEMBER BANKS LETTER HEAD

Date:

**The Head,
Derivatives Department**

Madam,

Re: Covering transaction for the closed out position of resigning member

We refer to the provisions of Clause D(3)(c) of Chapter II of Rupee Derivatives and Rupee Derivatives (Guaranteed Settlement) Segment Regulations pertaining to close out of trade of a member who has resigned from the segment. We hereby advise that a sum of INR _____ has been closed out with our institution on _____ as per **the Reversal Trades Report** dated _____.

The above trades have been covered by us in the market and reported to CCIL as per the details given below:-

Sr. No.	Member Txn Ref	Counterparty ID	Trade Date	Effective Date	Termination Date	Notional Principal (Rs. Crores)	Interest Payable			Interest Receivable			CCIL Trade ID of the Reversed Trade
							Reference Rate	Rate for current interest period	Interest Payment Frequency	Reference Rate	Rate for current interest period	Interest Payment Frequency	
1	DV708	CCBFXXXX0001	02 nd April'14	3 rd April'14	3 rd April'15	25.00	O/N MIBOR	NA	Bullet	Fixed	6.925%	Bullet	23456713
2	APLHA1	CCBNXXXX0001	02 nd April'14	3 rd April'14	3 rd April'16	50.00	Fixed	7.125%	Monthly	O/N MIBOR	NA	Annual	345891

Further, we also understand that the above-mentioned rates will be accepted for assessing loss incurred by us to cover the closed out positions upon the relevant deal/s being duly matched on CCIL systems and only if the rate/s reported by us is/are not considered to be outlier by CCIL.

Authorized Signatory/s