



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

**This has been Superseded by Notification No. RMD/
DRV/18/106 dated 17-Oct-2018 on Loss Threshold**

Date: 01st Nov'14

Notification No.: CCIL/RMD/ DRV /14/37

All Member Banks

Rupee Derivatives (Guaranteed Settlement) Segment

**Rupee Derivatives (Guaranteed Settlement) Segment – Resignation from membership
Loss Threshold as per Chapter II, Clause D1(iii)(b)**

In terms of Clause D1(iii)(b) Chapter II of the Regulations for the Rupee Derivatives and Rupee Derivatives (Guaranteed Settlement) Segment, a member shall have the right to submit resignation from the membership of the Rupee Derivatives (Guaranteed Settlement) segment if it has taken a loss through replenishment of its contribution to the Default Fund for the segment and a loss threshold as notified have been reached.

2. The loss threshold as referred therein will be reached when Default Fund contributions of the non-defaulter members in this segment have been used up in past 12 months for meeting defaults of other members to the extent of twice the value of the total Default Fund for the segment as on the date of last regular monthly re-computation. For example, if the size of the Default Fund for the segment is at Rs 500 Crores at the time of last re-computation (i.e last month-end), threshold will be reached if the use of contributions of non-defaulter members for meeting defaults of other members in past 12 months reaches Rs 1000 Crores. Such threshold will be applicable for all members.

3. In addition, if a member has taken a loss through replenishment of its contribution to the Default Fund for the segment for meeting defaults of other members and the total amount of such loss in the past 12 months is in excess of 4 times its highest contribution to the fund

during this period, the threshold as in 2 will be considered as reached exclusively for the said member.

For example, if the size of the Default Fund for a segment is Rs 500 Crores at the time of last re-computation (i.e. last month-end), threshold for all members will be reached if the use of contributions of non-defaulter clearing participants for meeting defaults of other clearing participants reaches Rs 1,000 Crores in the past 12 months. However, if the use of contributions of non-defaulter clearing participants is at Rs 900 Crores (i.e. at less than Rs 1,000 Crores); but for a member which has contributed say Rs 200 Crores towards its default fund contribution for meeting the shortfall due to default by other members and highest contribution of the said member in the past 12 months has been less than Rs 50 Crores (i.e. it has already contributed more than 4 times of its highest contribution in past 12 months for meeting default of other clearing participants), the threshold will be considered as having reached for the said member.

4. In terms of Clause J(5) of Chapter IX these Regulations, the maximum contribution of a member towards replenishment of its contribution to the Default Fund in the 30 days period immediately after the loss threshold as defined in paras 2 and 3 above having been reached shall not exceed 5 times of its contribution to the Default Fund based on the last re-computation of the Default Fund for this segment or Rs.6,250 Crores whichever is lower.

5. These changes will come into effect from 02nd Dec'14.

Sd/-
Managing Director