



Risk Management Department

**This has been Superseded by Notification No. RMD/
DRV/21/30 dated 01-Sep-2021 on Default Fund & Stress
test Methodology (revised and updated)**

No. RMD/ DRV/16/50

05th Oct'16

FOR INFORMATION OF ALL MEMBERS

**Rupee Derivatives Segment
Contribution to Default Fund**

We refer to para 8 of our Notification No. RMD/DRV/14/08 dated 12th Mar'14 and clause H of Chapter IX 'Default Fund' of the Regulations of the Rupee Derivatives Segment and Rupee Derivatives (Guaranteed Settlement) Segment.

2. In terms of the above, the securities contributed towards the Default Fund are valued at CCIL's Mark to Market (MTM) prices in the Securities segment and are subjected to haircuts as notified by CCIL from time to time.

3. With effect from **07th Nov'16**, an increase in volatility in Security prices as indicated by imposition of Volatility margin in the Securities Segment will result in a corresponding increase in hair-cut rates applicable on the securities deposited towards Default Fund in this segment.

4. Imposition of Volatility Margin will therefore result in re-valuation of the securities deposited towards Default Fund. For the purpose of this re-valuation, securities would be valued at their traded prices in the Securities Segment. Securities for which traded prices as mentioned above are not available would be valued at the price at which they were last valued at CCIL.

5. Such increase in hair cut rates on account of imposition of Volatility Margin may result in reduction in value of securities deposited towards Default Fund. In case such reduction in value results in a shortfall in the default fund of the member, the same may be replenished in terms of afore-mentioned clause H of the Chapter IX of the Regulations.

6. In case such revaluation of securities results in increase in value of collateral even after applying the increased haircut rate, such increase in value will be ignored.



7. The adjustment for volatility margin to the applicable haircut shall be temporary and shall be reduced / withdrawn with the reduction / withdrawal of volatility margin in the Securities Segment

This notification shall be effective from **07th Nov'16 onwards.**

Yours faithfully,

For The Clearing Corporation of India Ltd.,

Sd/-

Managing Director