

## Risk Management Department

**This has been Superseded by Notification No. RMD  
DRV-21-40 dated 30-Dec-2021 on Margining and  
Risk Processes for Rupee IRS Segment**

No. RMD/DRV/18/105

17<sup>th</sup> Oct 2018

**FOR INFORMATION OF ALL MEMBERS**

### **Rupee Derivatives Segment Margin Computation**

Further to our Notification No.RMD/DRV/18/50 dated 23-Apr-2018 issued in terms of Chapter VI(B) and Chapter VIII(C) of the Regulations of the Rupee Derivatives Segment, members are requested to take note of the changes to the process to be implemented for margin computation in this segment post introduction of CCP Clearing of Rupee derivatives referenced to MIFOR benchmark:

#### **A. Initial Margin**

1. The Initial Margin computation process remains unchanged except for the following:
  - a. Initial Margin (including Spread margin) and minimum initial margin where applicable will be computed separately on each benchmark-wise group of outstanding trades with no margin offsets being permitted across benchmarks.
  - b. Holding period for the Value at Risk model will be set at 5 days for the portfolio of trades in benchmarks other than MIBOR & MIOIS.

#### **B. MTM valuation and MTM Margin computation**

1. The MTM valuation and MTM Margin computation process remains unchanged except for the following:
  - a. Swap rates used for arriving at the daily Mark to Market values of outstanding IRS/FRA trades will be considered from the below mentioned sources:

##### **MIBOR Benchmark:**

- i. End of the day MIBOR-OIS rates published by Financial Benchmark India Pvt. Ltd. (FBIL) for standard tenors 1M, 2M, 3M, 6M, 9M, 1Y, 2Y, 3Y, 4Y and 5Y.

- ii. For standard tenors 7Y and 10Y, swap rates will be the simple average of all quotes available during the day on Reuters page “INROIS”.

**MIFOR Benchmark:**

- i. END of the day MIFOR rates published by FBIL for standard tenor one year and below.
- ii. For standard tenor points of two years and beyond, swap rates will be the simple average of all quotes available during the day on Reuters page “INRIRS”.

If for some reason rates mentioned above are not available, CCIL will either use last available rates or use rates from other sources as considered appropriate by it. Use of any other source will however be communicated by CCIL to its members of this segment with the reason for such deviation.

- b. In terms of Clause C (2.4), of Chapter VIII of the Regulations, if the aggregate of MTM margin for a benchmark shows MTM loss, such amount will be collected as MTM margin from the member. The aggregate of such MTM margin across all benchmarks will be the MTM margin obligation of the member.
- c. In terms of Clause E (1) of Chapter VIII of the Regulations, if the aggregate of MTM value for a benchmark for a member shows MTM gain, then the member’s margin account will be credited with the MTM gain amount and the same will be allowed to be treated as margin made available by the member. The aggregate of such MTM gain across all benchmarks in the form of margin made available can be used against margin requirements in the Derivatives segment as well as in any other segment which draws margins from Securities Segment SGF.

This notification comes into effect **from 19<sup>th</sup> November, 2018.**

For The Clearing Corporation of India Ltd.

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**Managing Director**

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