

NOTIFICATION

Date: 14th July '11

Notification No.: RMD/FX-FF/11/06

**All Member Banks
Forex Forward Segment**

Re: Risk Management Process & MTM Margin Computation in Forex Forward Segment.

A) Frequency of Batch Processing:

In terms of notification RMD/FX-FF/09/21 dated 9th November, 2009, Forward trades are subjected to check for adequacy of margins for both the counterparties to the trade on a trade by trade basis. The 'Exposure Check' process is presently carried out once a day at the End of the Day. It is clarified that such exposure check unless otherwise notified shall be carried out ordinarily between **7:45 and 8:45 p.m.**

B) Forward rates for MTM margin computation:

In terms of notification RMD/FX-FF/09/20 dated 5th November, 2009, forward rates for the specified tenor points as on the date of MTM valuation will be taken as basis for MTM margin computation.

It is clarified that, until further notice the rates available on the Reuters Information Systems Page INR1F at around 5.00 p.m.(i.e. at the close of business day) shall normally be taken as the basis for computation of MTM margins in the Forex Forward Segment. For some reason, if such rate is unavailable or there is a valid reason to believe that any such rate available in the system do not represent the rate prevailing in the market, CCIL may use any or all rate(s) from any other source. Use of any rate other than from the Reuter 1F Page will however be informed by CCIL to its members in this segment with the reason for such deviation.

**Sd/-
Managing Director**