



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

Date: 28th February 2013

Notification No.: RMD/FX-FF/13/05

**All Member Banks
Forex Forward Segment**

**Forex Forward Segment –
Default Fund – Limitation of Liability towards Replenishment Call**

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 VII Default Fund, Clause J of the Regulations for this segment:

QUOTE

(v) The maximum contribution of a member towards replenishment of its contribution to Default Fund for the Forex Forward segment in the 30 days' period immediately after the loss threshold as referred in Chapter II Clause C1(iii)(b) above having been reached, shall not exceed 5 times 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(ii) above, subject to a monetary ceiling of Rs 5500 Crores. A member shall not be obligated to contribute any amount in excess of the monetary ceiling during the aforementioned period of 30 days.

vi) The amounts mentioned in (v) above as maximum contribution for a member and the threshold as referred in Chapter II Clause C1(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(v) above refers to a 30 day period after a threshold having been reached as defined in the newly added Clause C1(b) in Chapter II, Membership.

3. In terms of the newly added clauses i.e. Clause C3(c) , Chapter II Membership and Clause B(6), Chapter VI 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 31st March '13.

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:

**Chief Forex Officer
Forex Department**

Madam,

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

We refer to the provisions of Clause C(3)(c) of Chapter II of Forex Forward Segment Regulations pertaining to close out of positions of a member who has resigned from the segment. We hereby advise that a sum of \$ _____ has been closed out with our bank on _____ as per **the Reversal Trades Report** dated _____.

The above position / part thereof (*strike whichever is not applicable*) has been covered by us in the market and reported to CCIL as per the details given below:-

Sr. No.	Member Txn Ref	Counterparty ID	Exchange Rate	Amount	Deal Time
		Total			

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