



Risk Management Department

No. RMD/FX-FF/PC/15/10

23rd Feb'15

FOR INFORMATION OF ALL MEMBERS

Forex Forwards Segment

Portfolio Compression Exercise for Forward INR/USD trades

In terms of Chapter XII of the Regulations of the Forex Forwards Segment, CCIL will offer Portfolio Compression services to the members of the Forex Forwards Segment. .

2. The process facilitates compression of members' portfolio of outstanding forward INR/USD trades by keeping the risk profile within the defined tolerances provided by the members and thus identifying economically redundant trades that can be early terminated. It involves execution of a mathematical algorithm to arrive at an optimum solution.

3. Members who desire to participate in the Portfolio Compression exercise will have to indicate their willingness and execute the supplementary documents therefor.

4. The settlement of cash flows arising out of the portfolio compression exercise will be carried out as part of the daily settlement carried out by CCIL in this segment. Members with net payables on account of compression will be required to pre-fund the same i.e. they have to credit CCIL's Settlement Account at RBI with the amount payable after which the settlement of obligations for the day will be carried out in the normal course by combining the net receivable amount of the participating members from portfolio compression with the Rupee settlement values for the day.

5. In order to ensure seamless and secure transfer of data between CCIL and the participating members, CCIL has provided a web based interface for the members to take part in the Portfolio Compression exercise. The reference point will be the outstanding



forward trades as at the end of the designated day. The live cycle is preceded by a mandatory trial run and the entire exercise is spread over 4 to 5 business days. Detailed Process flow with schedules will be made available to the participating members by Clearing Corporation.

6. It may please be noted that the trades are considered for compression if the difference in the mark to market values of a trade is up to 2% of the minimum of the MTM values reported by the counterparties.

7. The charges applicable for this service will be as notified by us separately.

8. This notification comes into effect immediately.

for The Clearing Corporation of India Limited,

Sd/-

Managing Director