



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

**Date: March 3, 2015**

**No. RMD/FX/USD-INR/15/21**

**All Member Banks**

**Forex Settlement Segment**

**Forex Settlement Segment – Resignation from membership**

**Loss Threshold as per Chapter II, Clause F1(1)(ii)**

In terms of Clause F (I) of Chapter II of the Regulations for the Forex Settlement Segment, a member shall have the right to submit resignation from the membership of Forex Settlement segment if it has taken a loss through replenishment of its contribution to the Default Fund for the segment and a loss threshold as notified has been reached.

2. If a member of the Forex Settlement Segment who is also a member of the Forex Forwards segment reaches the threshold in terms of Clause C1(iii)(b) of Chapter II of the Regulations for the Forex Forward Segment, it would deem to have reached the loss threshold required to be reached to resign from the Forex Settlement segment also. Such threshold will be applicable for all members.

3. For members who are members only of the Forex Settlement segment, the loss threshold as referred therein will be reached when Default Fund contributions of the non-defaulter members in this segment have been used up in past 12 months for meeting defaults of other members to the extent of twice the value of the total Default Fund for the segment as on the date of last regular monthly re-computation. For example, if the size of the Default Fund for the segment is at Rs 500 Crore at the time of last re-computation (i.e last month-end), threshold will be reached if the use of contributions of non-defaulter members for meeting defaults of other members in past 12 months reaches Rs 1000 Crore. Such threshold will be applicable for all members.

4. In addition, even if the loss threshold referred in para 3 is not reached, if a member as in para 3 above has taken a loss through replenishment of its contribution to the Default Fund for the segment for meeting defaults of other members and the total amount of such loss in the past 12 months is in excess of 4 times its highest contribution to the fund during this period, the threshold as in para 4 will be considered as reached exclusively for the said member. For example, if the size of the Default Fund for the segment is Rs 500 Crore at the time of last re-computation (i.e last month-end), threshold for all members will be reached if the use of contributions of non-defaulter clearing participants for meeting defaults of other clearing participants reaches Rs 1000 Crore in the past 12 months. However, if the use of contributions of non-defaulter clearing participants is at Rs 900 crore (i.e. at less than rs 1000 Crore); but for a member which has contributed say Rs 200 crore towards its default fund contribution for meeting the shortfall due to default by other members and highest contribution of the said member in the past 12 months has been less than Rs 50 Crore (i.e. it has already contributed more than 4 times of its highest contribution in past 12 months for meeting default of other clearing participants), the threshold will be considered as having reached exclusively for the said member.

This notification shall be effective from **06<sup>th</sup> April, 2015 onwards.**

Yours faithfully,

**For The Clearing Corporation of India Ltd.,**

**Sd/-**

**Managing Director**