



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

Date: March 3, 2015

No. RMD/FX/USD-INR/15/24

All Member Banks

Forex Settlement Segment

Forex Settlement Segment

Close-out of accepted trades

In terms of Clause F(2) of Chapter VI and in terms of Clause I (i) of Chapter VIII of the Regulations for the Forex Segment, Clearing Corporation may effect close-out of trades or positions of a member who is a defaulter.

2. Such close out shall be carried out with the bilateral counterparties of the defaulting member.
3. The portfolio of outstanding trades of the defaulter member in this segment will be summarized into settlement date-wise net positions in US Dollar for this purpose.
4. The net positions of the defaulter member will be closed out with its bilateral counterparties, in the ratio of their net bilateral position vis-à-vis the defaulter member for the particular settlement date. For each such closed out position separate close out trade will be generated for each bilateral counter-party
5. If the close out is effected at the end of the day, the Mark to Market price of Clearing Corporation as applicable as at the end of the day of such close-out, shall be the close out price. If the close out is effected at the beginning of the day, the Mark to Market price of Clearing Corporation as applicable at the end of previous day shall be the close out price.
6. The close out price shall be adjusted for a spread of 1 paise per US Dollar in favour of the non-defaulter counter-party.

7. Bilateral counterparties with whom trades are closed-out as above may cover the positions resulting from such close-out in the market and report the same to Clearing Corporation.

8. Such intimation shall be received by Clearing Corporation in the prescribed format on the next business day after the close-out.

9. The loss, if any, accruing to the bilateral counterparties on account of such close-out shall be recovered from the defaulter and passed on to the relevant bilateral counterparty.

10. In case such amount recovered is less than the amount due for recovery for any reason whatsoever, Clearing Corporation shall distribute the amount so recovered to the bilateral counterparties in proportion to the amount due to them as above.

11. Provided that the rate at which the bilateral counterparty has covered the position is identified as an outlier by Clearing Corporation, the Clearing Corporation shall not be liable for the loss. The decision of Clearing Corporation in regard to admissibility of loss in the circumstances shall be final and irrevocable.

This notification shall be effective from **06th April, 2015 onwards**.

Yours faithfully,

For The Clearing Corporation of India Ltd.,

Sd/-

Managing Director