



THE CLEARING CORPORATION OF INDIA LTD

This has been superseded by Notification No. RMD/SEC/23/32 dated 30-Oct-2023 on Risk Management Processes and Margining Methodology

Risk Management Department

No. RMD/SS/13/22

June 24, 2013

FOR INFORMATION OF ALL MEMBERS

Securities Segment –Maintenance of Margin

In terms of Chapter XI of Clearing Corporation of India Limited (CCIL) Bye-laws, every member is required to contribute margin in the prescribed form, as a condition precedent, for acceptance of trades for clearing and settlement. Further in terms of Chapter III, Clause B(6) of Securities Segment Regulations, members shall at all times ensure that their contributions to Settlement Guarantee Fund(SGF) are adequate to cover risk exposures on the outstanding trades accepted by Clearing Corporation.

2. It has been observed that occasionally high value trades have been concluded/ reported on NDS-OM/CROMS platforms by some of the members without keeping adequate margins to support such trades. As these trades are subjected to margin check on an on-line basis, incidences of sudden margin shortfall are taking place. In some cases, members were even unable to meet the shortfall immediately thereafter.

3. In terms of Chapter IV, Clause D 2.2(b) of Securities Segment Regulations, trades not supported by the requisite margin may be accepted for settlement without guarantee at the absolute discretion of Clearing Corporation. Trades once accepted without guarantee would qualify for guaranteed settlement only upon receipt of additional contributions to member's SGF to cover the shortfall resulting from breach of margin requirement.

4. Clearing Corporation has provided the members with web based *Trade and Margin information system* (on Report Browser) whereby the margin positions can be monitored on an online basis. The utility also contains an online margin calculator to assess the margin requirements for the proposed trades.



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5. Clearing Corporation has also started providing SMS/e-mail alerts for high level of margin utilisation/margin shortfall to the nominated officials of the members.

6. In order to avoid the possibility of margin shortfall and consequent penalty, members are requested to make use of the above mentioned facilities for keeping track of their margin requirements.

For The Clearing Corporation of India Limited

Sd/-

Managing Director
