

FACTBOOK 2019

Clearcorp Dealing
Systems (India) Limited

ORGANISATION

The Clearcorp Dealing Systems (India) Limited was set up as a wholly owned subsidiary of CCIL to manage the various trading systems developed to facilitate trading in the money, fixed income, forex and the derivatives market. It was incorporated in June 2003. It initially launched its proprietary platform viz., Collateralised Borrowing and Lending Obligations (CBLO) for the Indian money market. The FX-CLEAR platform facilitating trading in the Cash, Tom and Spot segment of the inter-bank forex market was launched in August 2003. These initiatives of the Company gave the requisite confidence to the RBI to utilize Clearcorp's services to conceive, develop and implement electronic dealing platforms. This led to the launch of the NDS-OM platform for secondary market trades in government securities and the NDS-CALL system for inter-bank dealing in the call, notice and term money markets. The Company has also developed a proprietary anonymous order matching platform for market repos in G-Secs "CROMS" and a Currency Swap Dealing Solution "FX-Swap". The Company also manages the F-TRAC platform, with reporting modules for capturing secondary market OTC trades in (i) CDs (ii) CPs and/or (iii) Repo Transactions in CDs, CPs and/or Corporate Bonds as well as Primary Market Issuances in CPs and CDs. The Company launched the IRS Anonymous Dealing system (ASTROID) for trading in the IRS market in August 2015.

"TREPS" (Triparty Repo Dealing System), an anonymous order matching system, of Clearcorp Dealing Systems (India) Ltd, is the trading platform that facilitates borrowing and lending of funds against Government Securities under Triparty Repo. Launched on November 5, 2018 trading on the TREPS platform has replaced the CBLO which has been discontinued.

• Owned Applications

1. TREP: CCIL was authorized by RBI, to act as a Triparty Repo Agent and to undertake CCP clearing of Triparty Repo transactions under its securities segment and the same was implemented with effect from November 5, 2018. It facilitates CCP clearing of Triparty Repo transactions in government securities and also performs the role and responsibilities of a Triparty Repo Agent as per Repurchase Transactions (Repo) (Reserve Bank) Directions 2018. "TREPS" (Triparty Repo Dealing System), an anonymous order matching system, of Clearcorp Dealing Systems (India) Ltd, is the trading platform that facilitates borrowing and lending of funds against G-Secs under Triparty Repo. The securities equivalent to borrowing outstanding is debited to Members' Gilt Account with CCIL and corresponding credit given to lenders in their Gilt Account with CCIL. RBI had vide above Repo directions, brought the reserve requirements for Triparty Repo in Government securities at par with that of Repo. Repo eligible entities can seek membership to TREPS Dealing Segment of Clearcorp and Securities settlement of CCIL.

2. CROMS: The 'Clearcorp Repo Order Matching System (CROMS)', a STP enabled electronic anonymous order matching platform was launched on January 27, 2009 to facilitate dealing in market repos of government securities. CROMS facilitates dealing in two kinds of repos viz. Basket Repo and Special Repo, which is the conventional repo for T+0 and/or T+1 settlement. In Basket Repo, the lender is assured of delivery of a liquid security from amongst the cluster of securities forming part of a specific basket, obviating the need for pre-specifying a security while initiating a repo order. Since April 2013, all the OTC transactions in the repo market are reported

on the CROMS platform. During 2014-15, RBI, based on the recommendation of the Working Group on Enhancing Liquidity in the Government Securities and Interest Rate Derivatives Markets, permitted re-repo transactions in government securities acquired through reverse repo by market participants. Accordingly, the re-repo functionality was developed on CROMS and made live on February 16, 2015. Trading on CROMS platform now accounts for more than 94% of the trading in the repo market. Pursuant to RBI relaxing repo restriction on constituent dealing, functionality enhancements to facilitate constituent orders in order matching segment and repo trade reporting between Primary member (PM) and its Gilts Account Holder and between two Gilts Account Holders of same PM were enabled. The functionality enhancement to facilitate re-repo on securities received under Liquidity Adjustment Facility (LAF) LAF by Primary Member has also been facilitated on the CROMS platform.

3. FX-CLEAR: FX-CLEAR, an anonymous Dealing platform for foreign exchange was launched by Clearcorp in August 2003. It offers two modes of dealing - "Order Matching" and "Negotiation". The platform covers the inter-bank US Dollar-Indian Rupee (USD-INR) Spot in Order Matching along with Swap transactions in Negotiation mode. All trades concluded on the Order Matching mode of the platform are guaranteed by CCIL from the point of trade. The platform offers STP (Straight Through Processing) wherein all these trades are automatically sent to Clearing Corporation for guaranteed settlement.

Pursuant to RBI's announcement in the Monetary Policy of October 2017, Clearcorp has developed an electronic trading platform for Retail participants in order to provide them with better pricing and transparency. The FX-Retail platform which was launched on August 5, 2019 provides an anonymous and order driven dealing platform in USD/INR currency pair for the Customers of Banks.

The FX-CLEAR platform also offers a facility to enable polling of BID/ASK ATM VOLs, 25D RR and 25D STR rates from selected submitters for the computation of the FBIL FC Rupee Options Volatility Matrix Rates.

4. FX-SWAP: FX-SWAP, an anonymous dealing system for forex swaps was launched by Clearcorp in 2010. This system allows trading in 18 Instruments; including 3 up to Spot instruments (namely, Cash-Tom, Tom-Spot & Cash-Spot), 12 month-end Forward instruments i.e. Spot over Month 1 end to Month 12 end, two outright forward instruments and one month end over month end instrument. All trades concluded on the platform are guaranteed by CCIL from the point of trade. The platform offers STP (Straight Through Processing) wherein all these trades are automatically sent to CCIL for guaranteed settlement.

5. F-TRAC: The F-TRAC platform launched on December 1, 2011 is an internet based Trade Reporting system facilitating reporting of secondary market trades in (i) CDs (ii) CPs and (iii) Market Repo transactions Corporate Bonds/Certificates of Deposit/Commercial Papers/NCDs of original maturity of less than one year. F-TRAC operates in a straight through processing (STP) environment with linkages with the clearing corporations of stock exchanges for settlement of trades reported on the system. The reporting system had initially gone live as a FIMMDA owned Platform. F-TRAC ownership was taken over by Clearcorp on June 2, 2014. From December 2017, F-TRAC facilitates reporting of all primary market issuances of CPs. The primary market reporting of CDs has been facilitated on this platform from June 2019 onwards. This Platform will

now be operated by CCIL and shall be regulated by RBI as a Trade Repository.

6. ASTROID: The Anonymous System for Trading in Rupee OTC Interest-Rate Derivatives (ASTROID) was launched on August 3, 2015. The platform offers trading in MIBOR Overnight Indexed Swap (OIS) contracts with rolling maturity in various tenors ranging from 1 month up to 10 years. The trades executed on the platform are guaranteed for settlement from point of trade and are linked to CCIL's clearing and settlement system for rupee OIS trades.

• Managed Applications

1. NDS-OM: To promote greater transparency and price discovery in the secondary G-Sec market, at the request of RBI, the Company designed and launched an anonymous Electronic Order Matching Platform, the NDS-OM on August 1, 2005. Initially limited to banks and primary dealers, trading on this platform was gradually extended to other NDS members like insurance companies, mutual funds and non-NDS members like provident funds, port trusts etc. Features like standard and/or odd market lots, and the capabilities to input client orders by the primary members, have ensured transparency in the government securities market. It has enabled RBI to implement various important reforms viz., covered short sales, when issued markets etc.

A web-based NDS-OM module granting online access to NDS-OM Main System to Gilt Account Holders to enable trading in secondary market of government securities was launched on June 29, 2012. Since April 2013, all OTC outright deals in government securities are being reported on the NDS-OM platform. The reporting functionality on NDS-OM was enhanced since April 6, 2015 to facilitate T+2 deal reporting for FPI trades. Security wise limit monitoring for FPI trades is also now enabled on NDS-OM. NDS-OM functionalities have been further enhanced to enable dealing by individual retail investors holding Demat Account with Primary Members of NDS-OM who also act as Depository Participants. From December 2017, online monitoring of FPI Limits in government securities has been enabled on NDS OM.

The new NDS-OM System was operationalized on October 15, 2018. The new system has features like customizable and enriched GUI, enhanced Operational risk capabilities, flexible user hierarchy, advanced order management features and Alerts etc. NDS-OM Web system is now part of the new integrated system. The messaging protocol also underwent change from MQ to TCP IP.

2. NDS-CALL: The NDS-CALL system launched on September 18, 2006 is an electronic Request for Quote System facilitating dealing in call, notice and term money. It has been conceived and developed by the Company and further hosted and maintained for and on behalf of RBI. Effective November 2012, the reporting of telephonic deals in call, notice and term money done outside the NDS-CALL system has migrated to the NDS-CALL system.

A utility has been developed on the NDS-CALL platform to compute the overnight MIBOR based on traded rates, which is released as the FBIL Overnight MIBOR rate. A polling process for setting MIBOR for selected term tenors has also been developed. The polling functionality facilitates designated Members to participate in a polling process for submission of rates for select term tenors. The computation of the overnight MIBOR went live on July 22, 2015 and computation of Term MIBOR for-14Days, 1 Month and 3 Months went live from September 23, 2015.