

THE CLEARING CORPORATION OF INDIA LTD.
NOTIFICATION

4th February, 2022

Notification No.: CCIL/FX/USD-INR/22/08

All Member Banks
Forex Settlement Segment

Dear Sir/Madam,

Re: Changes to Forex Settlement Regulations.

In terms of the extant process, in the event CCIL perceives any risk due to deterioration in financial position or sudden adverse developments in case of any CCIL's Settlement Bank, Clearing Corporation shall complete the settlement through any other notified Settlement Bank. Clearing Corporation shall also advise the Member Bank of such disruption as soon as possible by whatever means available i.e. by way of mail or any other mode of communication.

It is now proposed to have a provision in the Forex Settlement Segment Regulations giving CCIL the right to transfer the balances lying in the concerned settlement bank to any other Settlement Bank in the event of any sudden adverse developments as a means of prudent risk management measure.

In view of the above, Clause J(3)(c) of Chapter IV of the Forex Segment Regulations has been suitably amended. The changes to the Regulations of the Forex Settlement Segment have been appended herewith as Annexure. The updated Regulations are also available on our website (www.ccilindia.com) under Membership section.

We advise that the changes to the Forex Settlement Segment Regulations shall come into effect as on **7th March, 2022**.

Yours faithfully,
for The Clearing Corporation of India Ltd.,

sd/-
Managing Director

Annexure to Notification No.CCIL/FX/USD-INR/22/08

THE CLEARING CORPORATION OF INDIA LIMITED

**CHANGES TO REGULATIONS
(FOREX SETTLEMENT SEGMENT- ANNEXURE)**

CHAPTER IV: TRADE SETTLEMENT

J. SETTLEMENT PROCESS

1. Settlement of all matched cash, tom, spot and forward inter-bank USD-INR forex Trades shall be effected through a process of netting by novation. Such settlement will be on a multilateral netting basis.
2. If two Members enter into a forex transaction governed by Bye-Laws, Rules and Regulations and the transaction is novated by Clearing Corporation, then each such Member's currency obligation shall be deemed to have been individually cancelled and simultaneously replaced by a new obligation in the same currency as against Clearing Corporation for the same value date.

The amounts of such currency that shall otherwise have been deliverable or receivable by each Member to or from every other counter-party Member on such value date shall be netted and replaced by a contract for the net deliverable or receivable to or from Clearing Corporation. The settlement shall be final and irrevocable when the net obligations are determined.

3.
 - a. Clearing Corporation shall notify the names of Settlement Banks for effecting settlement of USD obligations of members. Members shall identify one of these Settlement Banks for settlement of their Net U S Dollar obligations with Clearing Corporation. Accordingly, all pay-ins/pay-outs shall be paid/received by the member in the identified settlement bank. However, in case of temporary enhancement by way of Pre-funding, a member may opt to pay in more than one Settlement account.
 - b. Members shall notify any change in the identified Settlement Bank at least 3 days before any such change takes effect. Provided however, that Clearing Corporation shall have the right to waive such notice period.
 - c. However, in case of any disruption of services or on account of the risk perception arising from or relating to deterioration in the financial position or sudden adverse developments of the member's identified settlement bank, Clearing Corporation shall have the right to transfer the balances lying therein to -carry out settlements through any other notified Settlement Bank to complete settlements. In such cases the event of disruption of services in the member's identified settlement bank, Clearing Corporation shall advise the member of such disruption as soon as possible by whatever means available, which may include mail or any other mode of communication.