



NOTIFICATION

FOREX FORWARD SEGMENT

Date: 26th October, 2009

Notification No: CCIL/FX-FF/09/17

Collateral Work-Flow Procedure w.e.f. 01st December, 2009

I. General

- a) In terms of CCIL's Bye-Laws, Rules and Regulations all members desirous of availing the facility of Guaranteed Settlement of Forex Forward trades from trade date are required to contribute collaterals to cover their margin obligations for their USD/INR trades submitted in CCIL's Forex Forward Segment ;
- b) The Rules and Regulations governing member's margin obligation have been spelt out in CCIL's Bye-Laws, Rules and Regulations and all members shall be governed by the relative provisions as applicable ;
- c) This Notification, issued in terms of provisions contained in CCIL's Bye-Laws, Rules and Regulations, sets out the workflow process relating to deposit(s), withdrawal(s), substitution of all types of collaterals to be maintained with CCIL for Forex Forward Segment;
- d) The types of collateral eligible for margin contributions towards Forex Forward Segment include Funds in form of INR and Eligible Government Securities
- e) The Unutilised portion of Member's Settlement Guarantee Fund (SGF) contribution towards CCIL's Securities Segment shall be eligible for margin contribution towards Forex Forward Segment ;
- f) All contributions/Withdrawals of collaterals/margins shall be captured, stored and maintained by CCIL on Value Date basis ;

II. FOREX FORWARD COLLATERAL/MARGIN CONTRIBUTIONS FROM UNUTILISED PORTION OF SECURITIES SEGMENT SGF

- a) Unutilised SGF contribution towards Securities Segment shall be applied towards collateral/margin obligation of a member to cover the margin obligation for its Forex Forward Trades, subject to provisions of CCIL's Bye-laws, Rules and Regulations ;
- b) Members may kindly note that CCIL's Bye-laws, Rules & Regulations, Notifications, procedures, terms, conditions, provisions, etc. governing Securities Segment SGF shall be applicable to their collateral/margin contribution for Forex Forward Segment from their Securities Segment SGF unless otherwise specified;
- c) In terms of Securities Segment Regulations, members are required to maintain at least **10%** of their margin requirements in the form of INR fund contributions to Securities Segment SGF.





THE CLEARING CORPORATION OF INDIA LIMITED

- d) In addition to the above members of Forex Forward Segment, are required to maintain at least 5% of their margin requirement for Forex Forward Segment in the form of INR funds contributions to Securities Segment SGF;
- e) The work-flow process for deposit(s), withdrawals (s), and substitution(s) of Funds (INR) and Government of India Securities as spelt out in our Notification(s) for Securities Segment SGF revised from time to time shall be applicable for Forex Forward Segment;
- f) The applicable Notifications are :
 - I. Notification Number CCIL/MCM-SS/06/12 dated 29th August,2006
 - II. Notification Number CCIL/MCM-SS/06/18 dated 25th September 2006
 - III. Notification Number CCIL/MCM-SS/07/20 dated 07th May, 2007(Copy of each Notification is attached herewith)

III. INTEREST PAYMENT ON CASH COLLATERAL/MARGIN CONTRIBUTIONS – FOREX FORWARD SEGMENT

Quarterly Interest Payment on Cash margins

- a) The interest shall be payable at quarterly rest (at the end of every calendar quarter) on daily End of Day utilisation of the cash collaterals towards margin requirement for Forex Forward Segment;
- b) Minimum interest free cash collateral of **Rs. 1 Crore** required to be maintained for Forex Forward Segment shall be excluded from computation of such amount of utilisation, eligible for interest payment;
- c) The cash margin/collateral requirement of 5% shall be reckoned as eligible for interest and thereafter Securities Collateral(s) shall be considered towards the margin obligation. Any cash collateral/margin contribution remaining unutilised thereafter shall not be reckoned as eligible for interest payment;
- d) In the event of securities collateral contribution being insufficient to cover the margin obligation, Cash collateral utilised in excess of mandatory requirement of 5% to meet the margin obligation for Forex Forward Segment shall also be reckoned as eligible for interest;
- e) In case a member contributes 100% SGF contribution in cash, interest shall be paid as per above rules on the amount utilised towards Forex Forward margin requirement. On the remaining balance Interest shall be payable as per Rules applicable for interest payment on Securities Segment SGF;
- f) Interest on such utilisation is payable at a rate not exceeding 100 basis points lower than the weighted average of 91 day Treasury Bill cut-off yields at the last three auctions held before the relevant interest payment date.

for The Clearing Corporation of India Limited,


p. Managing Director

