

NOTIFICATION

29th February, 2024

Notification No.: CCIL/FX/USD-INR/24/04

**All Member Banks
Forex Settlement Segment**

Dear Sir/Madam,

Re: Changes to the Forex Clearing and Settlement Process Timing

Members are hereby advised to take note of the modifications in the Forex Clearing and Settlement process time as below:

I. CLEARING AND SETTLEMENT PROCESS

We refer to the notification no. CCIL/FX/USD-INR/23/10 dated 1st March, 2023 regarding changes Forex Clearing and Settlement time.

a. Clearing Process:

In terms of above notification, Members are hereby notified that the cut-off time for trade reporting of Cash, Tom, Spot and Forward Deals is **changed to 3:45 p.m. as against 2:45 p.m. on S Day.** The Final Net-position report therefore, shall be made available to members by **4:00 p.m.** on S day. Accordingly, Direct debit messages for collecting USD pay-in (MT204/202-R), where applicable, shall be issued by **5:30 p.m.** IST.

b. Further, in terms of Chapter VII (C) of the Forex Settlement Regulations, Exposure Check shall be carried out online for all trades reported for settlement. Such online check shall be carried out from **8:00 a.m. to 8:00 p.m.** on all business days. Trades

matched post the cut-off time shall be subjected for Exposure Check on the next business day.

c. Settlement

i. USD Pay-in Obligation

In terms of Chapter IV(K) of the Forex Settlement Regulations, settlement of all trade obligations by a Member shall be deemed to have been completed by that Member upon actual receipt of U S Dollar by Clearing Corporation in its US dollar account on the settlement date within the cut-off time of 8:30 p.m. IST.

ii. INR Settlement

INR pay-outs for Members who have paid their USD obligation post the specified cut-off time of 8:30 p.m. IST shall be made with value next business day in proportion to such pay-ins received.

Window of Operations with revised timings for Clearing and Settlement is enclosed herewith as Annexure.

All other provisions of the aforementioned notifications will continue to be applicable.

II. USD-INR Prefunding

In terms of notification CCIL/FX/USD-INR/15/13, CCIL/FX/USD-INR/15/14 and, CCIL/FX/USD-INR/23/10, Members desirous of availing Same - day Prefunding in USD or INR have to ensure that the funds are credited in CCIL's account before the prescribed cut-off time. Members are hereby advised that the cut-off time for credit of funds in CCIL's account has been extended to **3:15 p.m. IST as against 2:15 p.m. IST.**

All other provisions of the aforementioned notifications will continue to be applicable.

III. Cash Settlement Process

We refer to the notification CCIL/FX/USD-INR/15/16 and CCIL/FX-FF/15/15 dated 3rd March, 2015.

- a.** Members are required to ensure that its net-position in USD and INR for a settlement date (S Day) based on all its trades accepted for settlement are within the Exposure Limit by the prescribed cut-off time on S day. We hereby advise that in the event the

member continues to be in breach of its Exposure Limit at **2:00 p.m.** on S day as against 1:00 p.m. currently, the position which remains in breach shall be Cash Settled.

b. Cash Polling Process

The INR/USD Cash rate shall be polled by Clearing Corporation at around 2:00 p.m. on S day. Thus, the cash rate to be used for Cash settlement process shall be polled by Clearing Corporation at 1:00 p.m.

In terms of Chapter VII(C)(5)(h)(vi), the rate used for Cash Settlement shall be arrived at using the INR/USD Cash Rate. The INR/USD Cash rate shall be polled by Clearing Corporation at around **2:00 p.m.** on S day. Clearing Corporation has entered into an understanding with ten banks for providing the indicative “Cash Outright Buying Rate” as and when called upon by Clearing Corporation for the above purpose. The cash rate to be used for Cash settlement process shall be polled by Clearing Corporation at **2:00 p.m.** The request for quote shall be made to five banks chosen at random out of the ten over FX-Clear Negotiation or telephonically. The weighted average rate of the rates indicated by five banks shall be used for Cash settlement. Further, a compensation of 1 paisa shall be added in the event of cash settlement for USD breach and a compensation of 1 paisa shall be reduced in the event of cash settlement for INR breach to the rate at which the Cash Settlement is effected. As explained in Chapter VII(C)(5)(h), the allocatee member may buy US Dollars/INR from the market for the same settlement date to the extent of allocation and if it has done so, it can upon intimation to Clearing Corporation, claim that the cash settlement be effected using the rate at which it has purchased US Dollars/INR duly increased/decreased with the compensation amount. Clearing Corporation shall modify the rate used for Cash settlement accordingly. However, if the rate is identified as an outlier, Clearing Corporation may reject the request and continue to use the polled rate for the purposes of Cash Settlement.

In case of cash settlement for a USD breach, a rate will be treated as an outlier if it is 5 paisa per US Dollar away from the highest Cash rate arrived at by Clearing Corporation based on the highest dealt Spot Rate from Clearing Corporation’s FX CLEAR trading platform between **2:00 p.m. to 3:30 p.m.** adjusted for lowest

Cash/Spot premium (highest in case USD is in discount) for the day as per Reuter Information System page INR1F=.

Similarly, in case of a INR breach a rate will be treated as an outlier if it is 5 paisa per US Dollar away from the lowest cash rate arrived at by Clearing Corporation based on the lowest dealt Spot Rate from Clearing Corporation's FX CLEAR trading platform between **2:00 p.m. to 3:30 p.m.** adjusted for highest Cash/Spot premium (lowest in case USD is in discount) for the day as per Reuter Information System page INR1F=.

In case, any such rate is not available, CCIL will be entitled to use the indicative rate available from any other source based on availability.

All other provisions of the aforementioned notifications will continue to be applicable.

Members may please note that there is No Change in the Settlement Window.

This notification shall be effective from settlement date **3rd June, 2024** onwards.

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

sd/-
Managing Director

Window of Operations
(all references to timings refer to IST unless otherwise specified)

Nature of activity	Cut off Time
<u>Reporting to CCIL for Cash, Tom, Spot and Forward</u>	<u>Up to 3:45 p.m. on S day</u>
Cut-off time for Same Day Pre-funding	Up to 3:15 p.m. S day
Cut-off time for S-1 Day Pre-funding	Up to 8:00 p.m. S-1 day
Rejection of cash, tom, spot and forward trades due to failure in risk exposure check	3:45 p.m. on S day
Final Net Position Report to Members for cash, tom, spot and forward trades	4:00 p.m. on S day.
Issue of Instructions for debit to Members' account (INR) by CCIL	Before 8:30 p.m. on S day
Issue of Direct Debit Instruction to Member's Nostro (USD)	By 5:30 p.m. on S day
Issue of Instructions for payment to Members' account (INR) by CCIL	Before 8:30 p.m. on S day
Cut-off time for receipt of USD pay-ins from Members	Before 8:30 p.m. on S day
Issue of Instructions for payment to Members' account (USD) by CCIL	Before 8:30 p.m. on S day

Window of Operations for holding back counter-value in case of shortage/default

Nature of activity	Cut off Time
In case of INR shortage, withhold of USD payment to Members having such shortage	8:30 p.m. on S day
In case of INR shortage, INR pay-in by Member having such shortage	Before 10:30 a.m. on S+1 day
If INR funds received, credit of withheld dollars to defaulting Member in Shortage.	12:00 noon on S+1 day
In case of dollar shortage, withhold of INR Payout to Members having such shortage	Before 8:30 p.m. on S day
In case of dollar shortfall, dollar pay-in by Member causing shortage	Before 12 noon on S+1 day
Payment of interest, charges, penalties, etc	Before 3 pm on S+1 day

Note : 'T' denotes Trade Date
'S' denotes Settlement Date