

NOTIFICATION

**This has been superseded by Notification No. CCIL/FX/USD-
INR/22/08 dated 04-Feb-2022 on Changes to Forex Settlement
Regulations**

1st April, 2021

Notification No.: CCIL/FX/USD-INR/21/16

**All Member Banks
Forex Settlement Segment**

Dear Sir/Madam,

Re: Changes to the Forex Settlement Segment Regulations.

Currently, CCIL collects USD cash as collateral in Forex Settlement Segment and the same is invested in US Treasury Bills. The return earned (*net of costs/taxes etc*) is distributed to members by CCIL on a half yearly basis.

Incidentally, US one year treasury bills rates have substantially come down recently and prevailing at near zero level currently. Going forward, it is plausible that we may have a negative interest rate regime in US at par with other advanced economies like EU or Japan.

In view of the above, Forex Settlement Segment Regulations have been modified to provide for negative interest rate scenarios and/or in the event the net earnings being negative, such amounts would be collected from the members on a half yearly basis.

Further, changes have also been made in the Regulations to remove references to Annexures in the Regulations as these Annexures pertain to amendments in cut-off time, IFN300 format etc which are subject to frequent changes and hence such changes shall be advised to members by way of notifications.

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.

The notifications shall be effective 3rd May, 2021.

Yours faithfully,

for The Clearing Corporation of India Ltd.,

sd/-

Managing Director

Encl: as above

Annexure to Notification No. CCIL/FX/USD-INR/21/16

THE CLEARING CORPORATION OF INDIA LIMITED

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

GLOSSARY OF CHANGES TO THE FOREX SETTLEMENT REGULATIONS

CHAPTER III: SETTLEMENT GUARANTEE FUND

C. INTEREST ON CONTRIBUTIONS TO SGF

- i. Clearing Corporation shall invest cash contribution received from members in USD Deposits/US Treasury Bills and distribute net earnings (in case it is positive), arising out of such investments ~~(excluding revaluation gains/loss, net of costs / taxes if any)~~ on the basis of average daily cash balances to the Members at half-yearly rests;
- ii. In the event, the net earnings are in negative, then such negative amount will be collected, on the basis of average daily cash balances from the Members at half-yearly rests.
- iii. For this purpose, the Net earnings shall mean the returns from investments (excluding revaluation gains/loss) less costs/taxes etc.

CHAPTER IV: TRADE SETTLEMENT

B TIMINGS

1. Clearing Corporation may specify the time schedule for reporting of Trades by Members to Clearing Corporation as also for various other activities incidental to the Clearing and Settlement process;
2. The time schedule prescribed by Clearing Corporation in terms of clause (1) above ~~is contained in Annexure (I) and (VI)~~ shall be notified by Clearing Corporation from time to time);

C CAPTURE OF TRADES

1. The counter-parties to a Trade shall report their deals in IFN300 format ~~as contained in Annexure II~~ (or any other format prescribed and notified for trade confirmation);

CHAPTER VI: SETTLEMENT SHORTAGE AND DEFAULT

E. EFFECT OF SETTLEMENT SHORTAGE/DEFAULT

The process outlined below will be initiated upon the occurrence of a Settlement shortage/default:

- 1 The Exposure Limit available to Member in shortage/default shall be restricted to the actual utilisation at the point of such occurrence within the Spot window pending settlement of the shortage/default obligation. However, Clearing Corporation shall

have the right to accept trades of the Member which bring about a reduction in the limit utilization for the respective value date.

- 2 Such Member shall be liable to make payment equivalent to the shortage within the cut-off time ~~specified in (Annexure I)~~notified by Clearing Corporation;
- 3 The Member in shortage shall be liable to make payment equivalent to the interest, charges, penalties and other levies within the cut-off time ~~specified in (Annexure I)~~notified by Clearing Corporation.

CCIL—Forex Regulations

Window of Operations – Timings (all references to timings in these documents refer to IST unless otherwise specified))

Nature of activity——	Cut off Time
Reporting to CCIL for cash and Tom trades	Up to 1.30 p.m. on S day
Reporting to CCIL for spot and forward trades	Up to 1.30 p.m. on S+1 day
Rejection of cash, tom, spot and forward trades due to failure in risk exposure check	1:30p.m. on S day
Final Net Position Report to Members for cash, tom, spot and forward trades	1.45 p.m on S day.
Issue of Instructions for debit to Members' account (INR) by CCIL	Before 7:30 pm on S day
Issue of Direct Debit Instruction to Member's Nostro	By 3:30 p.m.
Issue of Instructions for payment to Members' account (INR) by CCIL	Before 7:30 pm on S day
Cut-off time for receipt of USD pay ins from Members	Before 7:30 pm on S day
Issue of Instructions for payment to Members' account (USD) by CCIL	Before 7:30 p.m. on S day
Cut-off time for receipt of INR pay ins from Members	Before 7:30 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	Before 7:30 pm 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 not received, sale of Dollars to get equivalent INR; else instructions to SA for credit of withheld dollars to defaulting Member	12:00 noon on S+1 day
CCIL repays LOC (INR)	Before 4 p.m. on S+1 day
In case of dollar shortage, withhold of INR Payout to Members having such shortage	Before 7:30 pm on S day
In case of dollar shortfall, dollar pay in by Member causing shortage	Before 12 noon on S+1 day

If dollar pay-in is not received, use INR recovered from such defaulting Member and issue Instructions to Settlement Bank for purchase of Dollars	Before 12:00 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~~

IFN300: Foreign Exchange Confirmation

This message type is exchanged between the financial institutions, which have agreed to a foreign exchange contract.

It is used to confirm the details of:

- A new contract between the parties;
- An amendment to a previously agreed contract;
- The cancellation of a confirmation;
- The maturity confirmation for a forward contract;
- The exercise settlement confirmation of a foreign currency option.

The field numbers along with the usage status (mandatory or optional) is given in the table below:

IFN 300: Foreign Exchange Confirmation : Format Specifications

Status	Field No.	Field Name	Content and Options
SEQUENCE A – Conditions of the Contract			
M	20	Transaction Reference Number	16x
M	21	Related Reference	16x
M	22	Code / Common reference / Swap identifier	(*)
M	30	Date Contract Agreed / Amended	8n
M	36	Exchange Rate	12 number
Ø	72	Sender to Receiver information	6*35x

SEQUENCE B – Amount Bought

M	32R	Value — Currency — Amount Date — Code — Bought	8n3a15 number
Ø	56-A	Intermediary	A or D
M	57-A	Account with Institution	A or D

SEQUENCE C – Amount Sold

M	33P	Value — Currency — Amount Date — Code — Sold	8n3a15 number
Ø	53-A	Sender's correspondent	A, B or D
Ø	56-A	Intermediary	A or D

M	57A	Account with Institution	A or D
Mandatory	26H	Spot rate in case of outright forward trade. Will remain blank in case of other than outright forward trade.	12 number
Mandatory	77D	Time (HHMMSS)	6 Number

For details of the various Field Numbers, Options (A, B or D), usage Rules and examples of usage please refer to SWIFT MT 300.

~~The trade confirmation shall carry~~

- a. ~~the Member's CCIL Membership ID in first line of Field 72.
and the counterparty's Membership ID~~
- b. ~~the code 'NEWT' in field 21 of IFN 300 for fresh Trades.~~
- c. ~~the code 'AMND' in field 21 of IFN 300 for amendments to a
transaction. Field 20 in such cases shall carry the same transaction
reference number as the original.~~
- d. ~~the code 'CANC' in field 21 of IFN 300 for cancellation of a transaction. Field 20 in such
cases shall carry the same transaction reference number as the original.~~

THE CLEARING CORPORATION OF INDIA LTD
BUSINESS SEGMENT: FOREX

Net position Report for Settlement Date _____

Batch:

Member ID _____		Member Name :					
BUY TRADES							
Sr. no	Txn Ref	Counterparty Name	Trade Date	Exchange Rate	Forex Amount	INR Amount	Source
				Receive:USD	Pay: INR		
SELL TRADES							
Sr. no	Txn Ref	Counterparty Name	Trade Date	Exchange Rate	Forex Amount	INR Amount	Source
				Receive: INR	Pay: USD		
Txn ID _____		Forex Payable _____		INR Receivable			

Note: If pay in is in USD please ensure that settlement instructions are given to your correspondent bank for transfer through FEDWIRE to CCIL's account quoting Txn.Id. before 7:30 p.m. IST on settlement date.

The Exchange Rate for the netted position arising out of forward trades accepted in the Forex Forward Segment (trades with counterparty as FORWARD) is a Derived Rate/MTM Rate

~~THE CLEARING CORPORATION OF INDIA LTD~~

~~FOREX SETTLEMENT~~

~~Temporary Enhancement of Exposure Limit in USD~~

~~_____Date:~~

~~_____Ref.:~~

~~CCIL Member ID : XXXXXXXX~~

~~Member Name : xxxxxxxxxxxxxxxx~~

~~Value Date for which enhancement sought: (date)~~

~~Existing Exposure Limit: \$xxxxxxxx _____“~~

~~"We hereby agree to transfer USD _____ million value _____ towards same day pre-funding to Clearing Corporation of India Ltd (within stipulated cut-off time) IST and undertake to pay the remaining USD funds on receipt of the Final Net position report.~~

~~We also agree that incase of non payment of USD _____ million by _____ Bank, you can withhold the equivalent rupee funds. Further, we also understand that incase the said funds is not credited to your account with (Settlement bank) within the specified cut-off time, the with held INR funds by CCIL shall be credited to our account with RBI only on the next business day.~~

~~Request you to kindly enhance _____ Bank's Net Debit Cap by USD _____ million".~~

THE CLEARING CORPORATION OF INDIA LTD

FOREX SETTLEMENT

Temporary Enhancement of Exposure Limit in INR

Date: _____

_____ Ref.:

CCIL Member ID : ~~XXXXXXXX~~

Member Name : ~~xxxxxxxxxxxxxxxx~~

Value Date for which enhancement sought: ~~(date)~~

Existing Exposure Limit: INR ~~xxxxxxxx~~ _____“

"We hereby agree to transfer INR _____ crores value _____ towards same day pre-funding to Clearing Corporation of India Ltd (within stipulated cut-off time) IST and undertake to pay the remaining INR funds on receipt of the Final Net position report.

Request you to kindly enhance _____ Bank's Net Debit Cap by INR _____ crores".

Schedule for Processing

Batch Name	Process timing
Forex Forward position process	8:15 p.m.
Cut-off process	1:30 p.m.
Netting process	1:30 p.m.

Please note that the batch timings are indicative.