

**Risk Management Department****No. RMD/DRV/25/33****01-Aug-2025****FOR INFORMATION OF ALL MEMBERS****FX Options Segment****Loss Threshold for Resignation from Membership**

1. In terms of the provisions of Chapter IX, “Default Fund” of the Regulations of FX Options (Guaranteed Settlement) Segment, the Clearing Corporation shall maintain Default Fund to meet losses arising out of Default of any member in this segment. In terms of Clause E(1) (A)(iii) (b) of Chapter II of the Regulations of this segment, a member shall have the right to submit resignation from the membership of this segment if the member has taken a cumulative loss through replenishment of its contribution to the Default Fund in this segment and a loss threshold as notified has been reached.
2. The loss threshold as referred herein will be reached when Default Fund contributions of the non-defaulting members in this segment have been utilised in the past 12 months for meeting the losses arising out of Default of other members to the extent of two times the value of the Default Fund quantum in this segment as on the date of last regular monthly re-computation of the Default Fund. For example, if the Default Fund quantum for the segment is Rs 500 Crores at the time of last regular monthly re-computation, then for the non-defaulting members, the threshold will be reached, if the contributions of the non-defaulting members used for meeting the losses arising out of Default of other members in preceding 12 months is greater than or equal to Rs 1,000 Crores. Such threshold will be applicable for all non-defaulting members.
3. In addition, if a member has taken a cumulative loss through replenishment of its contribution to the Default Fund for the segment for meeting the losses arising out of Default of other members and the total amount of such loss in the preceding 12 months exceeds four times its highest Default Fund contribution during this

period, the threshold as referred in para (1) will be considered as reached for the said member. Continuing the example discussed in para (2) above, if the cumulative Default Fund utilisation in preceding 12 months is Rs 900 Crores (which is less than two times the Default Fund quantum of Rs. 500 Crores), the loss threshold may not be considered as having reached for all non-defaulting members. However, if the highest Default Fund requirement from a member in the preceding 12 months is Rs. 50 Crores and such member has incurred a loss in excess of Rs. 200 Crores through contributions to the Default Fund of this segment in the preceding 12 months, which is greater than four times its highest Default Fund requirement in the preceding 12 months, then the loss threshold will be considered as having reached for the said member.

4. In terms of Clause J (6) of Chapter IX the Regulations of this segment, the maximum contribution of a member, who chooses to resign from the segment, towards replenishment of its contribution to the Default Fund in this segment in the 30 days period from the receipt of resignation after the loss threshold as discussed in above paras having been reached shall not exceed five times of its contribution to the Default Fund based on the last re-computation of the Default Fund for this segment or Rs. 6,250 Crores, whichever is lower.
5. This notification shall be effective from **1<sup>st</sup> Sep, 2025**.

**For The Clearing Corporation of India Ltd.**

**Sd/-**

**Managing Director**