

Risk Management Department**No. RMD/DRV/25/32****01-Aug-2025****FOR INFORMATION OF ALL MEMBERS****FX Options Segment****Risk Management Process – Anonymous Trading System**

Clearcorp Dealing Systems (India) Ltd. (CDSIL), vide its Notification No. CDSL/DRV/0625/09 dated 19th Jun'25 has announced the launch of an anonymous Electronic Trading Platform to facilitate trading in USD-INR FX Option. USD-INR FX option (European) trades and option strategies shall be eligible for anonymous trading on the platform. The option trades on the trading platform will be booked with / without a corresponding Forward trade created out of a Delta hedge vis-à-vis the options.

2. CCIL shall offer CCP clearing to trades concluded on the trading platform of the Clearcorp Dealing Systems (India) Ltd. (CDSIL), a wholly owned subsidiary of CCIL and exposure check of these trades will be carried out on online basis. It will be carried out in two steps as described below:

A. Exposure check in the Trading System

- a. CCIL will set margin factors for different instruments traded on the trading system. The margin factors would be based on 5 day Value at Risk (VaR) for a notional trade in the respective instrument of the corresponding tenor including delta hedge forward and will be re-computed on a daily basis.
- b. As soon as a trade is concluded in the trading system, margin will be blocked in the trading system for both counter-parties by taking the incremental margin requirement for the trade at Notional Value multiplied by the applicable Margin Factor and the latest USD/INR Spot rate.

- c. No Margin offsets will be permitted between buy and sale trades in the same or different instruments.

B. Portfolio margining with all outstanding trades of the member / constituent

- a. The margining will thereafter be carried out on-line at portfolio level in terms of our Notification No. RMD/DRV/25/29 dated 1st Aug, 2025.
- b. Actual incremental margin requirement will be assessed and any excess or shortage of margin collected during trading system exposure check will be released or collected, as the case may be.
- c. In terms of para X of our Notification No. RMD/DRV/25/29 dated 1st Aug, 2025, Rejection level has been set at 95%. Post-utilisation of 95% of available margin, the concerned member's / constituent's pending orders in the trading system will be cancelled and the member / constituent will be allowed access only in the risk reduction mode. Such Members / Constituents shall be permitted to operate again in the normal mode once their margin utilisation falls below 90%.
- d. However, in case of a clearing member having been placed in the risk reduction mode, all constituents availing client clearing services through it shall be restricted to the risk reduction mode when they have utilised 90% of available margin. Such Members / Constituents shall be permitted to operate again in the normal mode once their margin utilisation falls below 70% or once their Clearing Member has been permitted to operate again in the normal mode.

3. Base Single Order Limit (Base SOL) will be set for members based on their short-term credit rating / risk category and Tier I capital / Assets under Management / Net worth (where applicable). The SOL allotted for different instruments may vary based on the type of instrument and / or delta and / or tenor and will be a **multiple** of the Base SOL. Clearing members shall be required to set Base Single Order Limits (Base SOL) for all constituents availing CCP clearing services through it. The Base SOL for constituents shall be capped at the Base SOL applicable for the clearing member itself.

4. Out of the total margin made available, a member / constituent will have to allocate a certain minimum amount of margin to the trading system at the beginning of every day. Such minimum amount would be specified by CCIL based on the highest margin requirement for 'N' trades across different single option instruments with notional equal to the Single Order Limit (SOL) for the member across such instruments. In case of a constituent, however, such minimum amount would be based on the highest margin requirement for 'N' trades in standard instrument with notional equal to the Single Order Limit (SOL) for the constituent as set by its clearing member. The value of N will be 5. A member may however allocate a higher amount for itself or for its constituents. This margin will also be used for meeting margin requirements for the reported trades. Upon utilisation of this earmarked margin, additional margin will be transferred from the Member Common Collateral (MCC) pool towards this segment upon breach of pre-determined thresholds for such transfer. Similarly, the earmarked margin will be re-transferred back to the MCC pool when the unutilised margin is beyond pre-determined thresholds for such re-transfer.

5. The trading system will ensure that notional of accumulated orders of a member / constituent will not exceed certain multiple of the highest Single Order Limit (SOL) applicable for the member / constituent. The value of the multiple will be 4. The cap on accumulated orders will be proportionately higher for those who opt for making available higher margin in terms of para 4 above. For monitoring the utilisation of the accumulated order limit, the utilisation by standard instruments will be considered as the notional of single leg of standard instrument / SOL **multiple** applicable for the standard instrument as defined in para 3 above.

6. In terms of clause 6 of Chapter VI of the Regulations of the FX Options Dealing Segment Regulations, the Trading system will have risk reduction mode wherein members / constituents will be allowed to place Immediate or Cancel (*I or C*) orders for reduction of margin requirement. If it is observed after evaluation in the Risk Software that acceptance of an order will reduce margin liability of the member, such order will be allowed to be placed in the trading system.

This notification comes into effect from **1st Sep, 2025**.

Yours faithfully,

For The Clearing Corporation of India Ltd.,

Sd/-

Managing Director
