



# THE CLEARING CORPORATION OF INDIA LTD.

## NOTIFICATION

28<sup>th</sup> May, 2024

Notification No.: CCIL/FX/USD-INR/24/09

**All Member Banks  
Forex Settlement Segment**

Dear Sir/Madam,

### **Re: Changes to Forex Settlement Regulations**

The following existing process under the Forex Settlement Regulations will have changes:

- a. **Cash Settled Position:** In the event the Member continues to be in breach of its Exposure Limit at the prescribed cut-off time on S day, the position in breach shall be Cash Settled as per the process notified by Clearing Corporation.
- b. **Partial Pay In:** In the event a partial pay-in is received by a member towards settlement on S day, the pay-out in either currency shall be made to the extent of pay-in received in the other currency. The amount of such pay-out shall be determined in terms of the latest available exchange rate.

The revised process will be as under:

#### **Cash Settled Position:**

**(a1)** Position of members exceeding the liquid resources available with CCIL on a particular settlement day may be considered for cash allocation for all members as against exposure limit of each member separately.

**(a2)** The Exposure Limit of a member bank shall continue to be monitored for all fresh trades reported by member banks as per extant process.

**Partial Pay In:** Pay-out valuation in each currency shall be based on the new rate derived after comparing the latest available exchange rate and the member's contracted exchange rate.

In view of the above, Clause K(B) of Chapter IV, Clause B of Chapter VI and Clause C (5) of Chapter VII of the Forex Settlement Regulations has been suitably amended. 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](http://www.ccilindia.com)) under Membership section.

We advise that the changes to the Forex Settlement Segment Regulations shall come into effect as on **1st July, 2024.**

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

**sd/-**  
**Managing Director**

**THE CLEARING CORPORATION OF INDIA LIMITED**

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

## CHAPTER IV : TRADE SETTLEMENT

### K. MODES OF PAYMENT

#### B) PAY-OUT OBLIGATION

Clearing Corporation may from time to time prescribe different modes of payments and the conditions which such payments may be subject to. Clearing Corporation shall make to the Member pay-outs in the currency in which the Member has a Net-receivable, provided the Member has paid in the settlement obligation due in the currency payable. The modes of payments for all Trades are specified as under:

- a) Pay-outs in either currency shall be made to the extent of pay-in received in the other currency. In the event of a partial pay-in received, the amount of ~~such~~ pay-out ~~to be withheld~~ shall be determined ~~as follows: in terms of the latest available exchange rate.~~
  - i. For members having pending USD Pay-ins - exchange rate to be used to arrive at INR withhold amount would be higher of member's contracted exchange rate and the latest available exchange rate
  - ii. For members having pending INR Pay-ins - exchange rate to be used to arrive at USD withhold amount would be lower of member's contracted exchange rate and the latest available exchange rate.

After withholding the amount as above, the balance payout shall be released.

## CHAPTER VI: SETTLEMENT SHORTAGES AND DEFAULTS

### B. DELIVERIES DUE TO THE MEMBER IN SHORTAGE

3. The amount to be with-held shall be computed ~~as provided in Chapter IV (K) (B). using the latest available exchange rate and after applying haircut.~~

## CHAPTER VII : RISK MANAGEMENT

### B. PROCESS

#### 5. Exposure Control

- a. In the event the Member continues to be in breach of its Exposure Limit, at the prescribed cut-off time on S day, the position in breach ~~beyond the liquidity limit of CCIL and forward position pending acceptance in spot window due to inadequate margins~~, shall be Cash Settled as per the process notified by Clearing Corporation:
  - i. The cash settlement shall be effected by way of allocation of such positions first to the Members breaching Exposure Limits in the other currency on S day at the notified time, to the extent such allocation is possible without any breach of exposure limit in the counter currency.

- ii. Clearing Corporation shall have the right to allocate the balance amount, if any, to the top ten Members having highest receivable position in the currency of breach. Allocations shall be in proportion to the net receivable position of such Members as per process notified.
- iii. The deals arising out of Cash settlement shall be with Clearing Corporation as counterparty. Such Members to whom allocations have been made shall be referred as Allocatee Members.
- iv. Allocation advice would be sent to both, the Allocatee Members and to those Members whose sale positions are cash settled, by Clearing Corporation after the allocation has been effected.
- v. An Allocatee Member may buy U S Dollar/INR, to the extent of allocation, from the market for the same settlement date and if it has done so, it can upon intimation to Clearing Corporation, claim that the allocation of the sale position to it be effected using the rate at which it has purchased U S Dollars/INR as increased/decreased by an amount per USD as notified by Clearing Corporation from time to time. Such intimation must be received by the Clearing Corporation in the format specified before 1:30 p.m. on settlement date for the position considered for allocation.
- vi. Provided that if the rate at which the Allocatee Member has bought US dollars/INR as above is identified as an outlier by Clearing Corporation or the Allocatee Members do not notify any purchase of US dollars/INR, INR/USD Cash rate as polled by Clearing Corporation at time notified on S day shall be used as increased by an amount per USD as decided by Clearing Corporation in due consultation with the Members and notified by Clearing Corporation from time to time. The decision by Clearing Corporation in this regard would be final.
- vii. The Member whose sale positions are cash settled due to breach of Exposure Limit on S day shall be liable to make good any amount of loss/shortfall arising out of cash settlement.