Risk Management Department

No. RMD/FX/USD-INR/26/44 **09th Nov'2026**

FOR INFORMATION OF ALL MEMBERS

Forex Settlement Segment

Risk Management Processes and Margining Methodology for Foreign Currency (FCY) / INR Trades

In terms of the provisions of chapter V of the regulations of the Forex Settlement Segment, the Clearing Corporation prescribes requirements of Limits and margins for the segment.

We invite your attention to CCIL's Notification No. CCIL/Legal/26/43 dated 09/Nov/2026. As stated therein, the Regulations of the Forex Settlement segment have been amended with effect from dd/mmm/yyyy (date to be notified).

As part of this amendment, under its Forex Settlement segment, CCIL shall, in addition to USD/INR trades, also provide clearing and settlement for trades in notified Foreign Currencies (other than USD) against INR. *The risk management processes and margining methodology for the non-USD Foreign Currency **(FCY) / INR)** trades is detailed in this notification.*

A. Composition of Collateral
[Reference Chapter III and Chapter V Clause C of the Regulations]

i. In terms of clause G of Chapter III and Clause C of Chapter V of the Regulations, Clearing Corporation shall consider the available balances in the Member's Common Collateral (MCC) account for meeting its member's margin obligations towards the FCY /INR trades accepted for clearing.

ii. Accordingly, the available balance in the member's MCC shall be used to cover the Base Limit (which is denominated in USD) opted by the member for clearing their FCY/INR trades. The latest EOD MTM Spot Rate mentioned in para C (iii) below is the basis for computing the USD equivalent value of the balance in the member's MCC account (such computation shall involve application of appropriate haircut as mentioned in para C (iv) below).

B. Short Position Limits

[Reference Chapter V, Clause A and Chapter VII, Clause C II 2. of the Regulations]

i. For each member who avails this service, Clearing Corporation of India shall set two Short Position Limits (SPLs) - one denominated in USD and another denominated in INR. SPL shall be applicable for each settlement date.

ii. Clearing Corporation shall set SPL for the Members depending on the Counterparty Risk Assessment (CPRA) grade assigned to each member as worked out by Clearing Corporation from time to time. Clearing Corporation may take the assistance of any reputed agency engaged in credit assessment services for arriving at such grades. Maximum permissible SPL shall be set at lower levels for entities having CPRA grade below CCIL 4.

iii. Notwithstanding the CPRA grade, Clearing Corporation may reduce SPL for a particular member in case of any regulatory actions/deterioration in financial position/adverse market report etc.

iv. Clearing Corporation may review the SPL set for a member at least on half yearly basis.

v. The USD equivalent of Member's net sale positions in all non USD foreign currencies shall be aggregated for a settlement date and such aggregated net sale position will be monitored against the member's USD denominated SPL, applicable for that settlement date. Similarly, Member's net sale positions in INR for a settlement date will be monitored against its INR SPL applicable for that settlement date. Net long positions in any currency shall be ignored for monitoring of the SPL.

vi. For SPL monitoring, the net sale positions in FCY shall be converted to USD at the latest applicable exchange rate and a currency specific haircut as detailed in para D of this Notification. This exchange rate shall be revised on a daily basis. The currency specific haircut shall be revised by Clearing Corporation at six monthly intervals at the time of review of SPL of the members.

C. Base Limit

[Reference Chapter V, Clause C and Chapter VII, Clause C II 1. of the Regulations]

i. A member shall advise the Clearing Corporation the desired value of the Base Limit (denominated in USD) for clearing its FCY/INR trades. The Base Limit shall be used for covering the market risk exposure arising from its FCY/INR trades that are accepted for CCP clearing by the Clearing Corporation. The Base Limit shall be collateralised from the margin balance available in Member's Common Collateral Pool (MCC) account. Clearing Corporation may reduce or cancel (set at NIL) the Base Limit for any Member, under advice to the concerned Member, when the Clearing Corporation, based on any adverse market report or other adverse information available to it or on the Member's failure to fulfil any Settlement Obligation, is of the view that reduction/cancellation of such Limit shall be necessary to protect its own interest and/or the interest of its Members.

ii. In case if a member's Base Limit utilisation on account of accepted trades exceeds the Base Limit opted by the member, Clearing Corporation shall temporarily increase the Base Limit of the member to the extent of such excess utilisation. The Base Limit shall be reset back to the member opted Base Limit, once the utilisation reduces to within the member opted Base Limit.

iii. The Base Limit shall be denominated in USD. Equivalent MCC shall be blocked by converting the Base Limit into its Rupee equivalent at the latest applicable USD/INR exchange rate and corresponding haircut. The exchange rate used will be the rate of the last Inter-bank USD/INR spot trade (of value USD 0.50 Million or more) concluded till 3-30 PM on the Fx Clear Dealing Platform operated by Clearcorp Dealing Systems (India) Limited. In case the afore-mentioned spot rate is identified as an outlier or is not available on the aforesaid source, the latest rate available from standard market source at such time shall be taken as applicable end of the day (EOD) spot rate under intimation to the members of this segment.

iv. The USD/INR haircut is set based on 3 day VaR of the USD-INR spot rate at 99% confidence interval with a 1000 day look back period, subject to a floor. The floor is set based on the highest of the 3 day VaR of the USD/INR spot rate (at 99% confidence interval with a look-back period of 2,500 days) from across rolling windows of 2500 days since Oct'2002. The floor is reviewed annually at the end of financial year and will also be reviewed in periods of high volatility. Any

change therein will be implemented after giving a notice of 7 business days. The USD/INR haircut is reviewed on a monthly basis.

D. Initial Margin - Currency Specific Haircut Factor

[Reference Chapter V Clause (C) of the Regulations]

i. Currency Specific Haircut rate is set based on 3 day VaR of the FCY/USD spot rate at 99% confidence interval with a 1000 day look back period, subject to a floor.

ii. The floor is set for each FCY, based on the highest of the 3 day VaR of the respective FCY/USD spot rate (at 99% confidence interval with a look-back period of 2,500 days) from across rolling windows of 2500 days since Oct'2002. The floor is reviewed annually at the end of financial year and will also be reviewed in periods of high volatility. Any change therein will be implemented after giving a notice of 7 business days.

iii. The Currency Specific Haircut Factor for INR will be set based on USD/INR exchange rate using the same model as specified at C (iv) above.

iv. The Currency specific haircut rate will be set at higher levels for entities having CPRA grade lower than CCIL 4. Notwithstanding the CPRA grade, Clearing Corporation may step up the haircut factor in case of any regulatory actions/deterioration in financial position/adverse market report etc

v. Haircut factor as defined in para i and iii of this Clause is reviewed by Clearing Corporation at the end of every month. Any change therein will be implemented after giving a notice of 7 business days.

E. Mark to Market

[Reference Chapter V Clause (C) of the Regulations]

i. The Spot FCY/USD Exchange rate used for the MTM valuation of all foreign currency positions will be the rate obtained (for each respective FCY) at 3:30 pm from a standard market source.

ii. The spot USD/INR exchange rate used for the MTM of INR net position will be the rate of the last Inter-bank trade (of value USD 0.50 million or more) concluded till 3:30 PM on the Fx

Clear Dealing Platform operated by Clearcorp Dealing Systems (India) Limited, subject to the trade not being observed to be an outlier.

iii. If rates from above sources are unavailable or there is a valid reason to believe that any such rate as available does not represent the rate prevailing in the market, Clearing Corporation may use any or all rate (/s) from any standard market data source. Use of any such rate (/s) will however be informed by Clearing Corporation to its members in this segment with the reason for such deviation.

F. Trade Acceptance

[Reference Chapter V Clause (C) and Chapter VII Clause (C) II 4 of the Regulations]

i. Trades concluded by the members on the Fx Clear Dealing Platform operated by Clearcorp Dealing Systems (India) Limited shall be subjected to an exposure check process involving limit check against the Short Position Limit and Margin check against Base Limit.

ii. The monitoring of Short Position Limit shall be as per the process in clause B of this Notification.

iii. The Base Limit utilisation of the member on account of trade acceptance will be carried out separately on the currency wise net positions of the member for each settlement date. All currency wise net positions will be converted to USD using the latest available MTM rate and currency specific haircut as specified in clauses D and E of this Notification. The net short positions will be inflated and the net long positions will be deflated by the currency specific haircut. The net sum of all long and short positions across all settlement dates in the spot window will constitute the member's margin utilisation.

iv. If the utilisation exceeds the Base Limit, the Base Limit will be enhanced to cover the excess utilisation.

v. The Base Limit utilisation shall be released on successful completion of settlement by the member.

G. **Frequency of exposure check**
[Reference Chapter VII Clause (C) II 4 of the Regulations].

Exposure check in this segment is carried out every 30 minutes in a batch mode for trades concluded by the members on the Fx Clear Dealing Platform operated by Clearcorp Dealing Systems (India) Limited.

H. **Margin Shortfall**
[Reference Chapter V(E)(i)(e) of the Regulations]

Any intraday margin shortfall observed in the member's MCC account that is attributed to the FCY / INR trades accepted for clearing shall be replenished by the concerned member within an hour from the occurrence of such shortfall. If such shortfall in MCC is observed at the time of end of the day revaluation and margin re-computation, the same shall be replenished by 9-00 am on the next business day. Failure to replenish the margin shortfall within stipulated time lines shall attract penalty in terms of para F(ii) of Chapter V of the Regulations of the Forex segment.

I. Volatility Margin

Reference Chapter VII (D) of the Regulations]

i. Volatility Margin, if applicable, is imposed immediately after notifying the members. Imposition of volatility margin would effectively amount to increase in the currency specific haircuts thereby resulting in increase of Base Limit utilisation.

ii. The methodology for tracking the applicability, imposition and withdrawal of volatility margin for Forex settlement segment is notified vide Notification No. RMD/FX/USD-INR/26/31 dated 04th Sep'26. Accordingly, the quantum of volatility margin applicable as per the process, shall be applied for both USD/INR and non-USD FCY/INR trades. In case of non-USD FCY INR trades, the Volatility Margin shall apply on the currency specific haircuts mentioned in para D above.

iii. If it is observed that the Base Limit of the member is inadequate to cover the increased utilisation on the trades already accepted for settlement, Clearing Corporation shall block additional Base Limit for the member. If there is a margin shortfall for the segment to meet the additional Base Limit due to such imposition, it would be the responsibility of the member to replenish the shortfall at the earliest. Penal charges are levied if shortfall is not replenished within one hour from the time of occurrence of such shortfall.

J. Intra-day MTM margin

[Reference Chapter VII (C)(II) 6 of the Regulations]

i. Irrespective of whether Volatility Margin is imposed or not, on any day of high volatility, intra day loss in portfolio value of a member may also be collected by Clearing Corporation as MTM margin on intraday basis

ii. If applicable, the Intra-day MTM margin shall be collected immediately. Upon imposition, if there is margin inadequacy/shortfall in MCC of concerned member, it shall be the responsibility of such member/s to replenish the shortfall within one hour from the time of imposition; else penal charges shall be levied as applicable.

The revised approach, as above shall be effective from dd-mm-yyyy (date to be notified shortly)

For The Clearing Corporation of India Ltd

Sd/-

Managing Director

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