



Risk Management Department

This has been Superseded by Notification No. RMD/SS/21/37 dated 30-Nov-2021 on Enhancements to the approach followed for computation of Margin Factor/Hair Cut rates

No. RMD/SS/ 11/01

March 1, 2011

FOR INFORMATION OF ALL MEMBERS

Securities Segment Computation of Margin Factors

In terms of our notification No.RMS/SS/10/02 dated 14th January'10, the undernoted changes were introduced in the valuation methodology and computation of margin factors.

- a) Illiquidity based multipliers for margin factors of Securities.
- b) Exclusion of trades in When Issued market while arriving at the illiquidity adjustment factors for valuation of securities.
- c) Exclusion of trades on the date of auction and for subsequent seven days while arriving the multipliers for margin factors of newly issued SDLs.

2. However, trades in When Issued market are still being considered for certain other processes viz.,

- a) Arriving at the illiquidity based multipliers for –
 - i. Margin factors in Securities Segment, and
 - ii. Haircut rates in CBLO Segment
- b) Selection of securities for tracking volatility in Securities Segment
- c) Identification of eligible securities for contribution towards SGF in securities segment.

3. It has been now decided to adopt a uniform approach in regard to treatment of trades in When Issued market i.e., trades in securities during their When Issued period would be excluded for the purpose of the processes mentioned under Para 2 above.

4. The change will come into effect from 05th April'11.

For The Clearing Corporation of India Limited

Sd/-

Managing Director