



Risk Management Department

This has been Superseded by Notification No. RMD/SS/19/05 dated 01-Jan-2019 on Imposition of Intra-day MTM Margin on outright/market repo trades

No. RMD/SS/11/02

March 1, 2011

FOR INFORMATION OF ALL MEMBERS

Securities Settlement Segment

Imposition of Intra-day MTM Margin

In terms of Chapter VII (C) 3.5 of Regulations for Securities segment, in case of any sudden volatility in interest rates/ bond prices during the day, which can substantially erode the margins collected from the members, the Clearing Corporation may revalue all the outstanding trades of the members using latest available prices. If such revaluation indicates inadequacy of the margin in the account of a member beyond a level, the Clearing Corporation may impose additional Mark to Market margin equal to the amount of shortfall.

2. It has been decided to bring the process of imposition of intra-day MTM margin on the outstanding trades of the members in Securities Segment into effect.

3. The process to be followed will be as under:

- a) The intra-day MTM prices for securities will be computed using intra-day Zero Coupon Yield Curve generated by taking the data of trades concluded on NDS_OM at around 12.00 noon. If there are no trades in the security model price will be used in place of traded prices [previous traded prices will not be repeated in case of intra-day MTM prices]. Outstanding trades as at previous EoD are revalued using these intra-day MTM prices.
- b) Difference between Notional MTM margin based on intra-day valuation and MTM Margin at previous EOD would be arrived at.



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- c) Additional MTM margin will be collected if the difference in the MTM Margin arrived at as in (b) above is greater than or equal to 50% of Initial Margin as at previous EOD. The amount of additional MTM margin will be debited to the SGF account of the member and will be added to the MTM margin already collected as at previous EoD. Members will be notified one hour before such imposition of additional MTM margin.
- d) If the additional MTM margin collected as above results in margin shortfall, margin call will be made and the member will be required to deposit margin immediately. In case of such margin shortfall, penal charges will be levied as applicable.
- e) Such additional Mark to Market margin will be in force till the application of end of the day MTM margin on the outstanding trades of the members.

4. The change will come into effect from 05th April'2011

For The Clearing Corporation of India Limited

Sd/-

Managing Director