THE CLEARING CORPORATION OF INDIA LTD.

NOTIFICATION

Date: 28th March 2025

Notification No: CCIL/OPS/2024-25/16

Collateral Work-Flow Procedure –
Collateral Management Services (SARVAM) for Non-centrally cleared OTC Derivatives
with effect from 1st April 2025

We invite your attention to the Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024 (as amended from time to time). In terms of the above referred Directions, the Reserve Bank of India has authorized The Clearing Corporation of India Limited (CCIL) to provide '**Collateral Management Services for Initial and Variation Margin**' for **SARVAM services**.

This notification is issued in terms of the provisions of SARVAM Rules – and Operational Notification issued on 11th March, 2025 (as amended from time to time).

The work flow process details are as under:

I.   General

1.   This notification is applicable to entities admitted as Members of SARVAM;

2.   In terms of SARVAM Rules, members may contribute collateral towards
    i.   Initial Margin (IM)
    ii. Variation Margin (VM)

3.   The eligible collateral shall be as set out in the respective Credit Support Annex (CSA) executed bilaterally between the member and its counter party;

4.   The eligible collateral for IM and VM through CCIL shall include cash (INR) and Government of India Securities including State Development Loans and Treasury Bills;

5.   This Notification, issued in terms of provisions contained in SARVAM Rules and sets out the work flow process relating to contribution and withdrawals of funds and/or securities towards IM and VM;

6.   All Securities contributions towards IM and VM shall be received by CCIL in CCIL's Constituent Subsidiary General (CSGL) Account, held with Public Debt Office of RBI maintained for the purpose;

7. Such security contributions shall be received from the SGL/CSGL account of respective member / its CSGL Service provider. Similarly all security withdrawals by the members will be delivered by CCIL from its above CSGL account to respective member's SGL/CSGL account as recorded with CCIL;

8. The relevant details of CCIL's CSGL account, RBI RGTS/Current Account for contribution to Initial Margin/Variation Margin shall be communicated separately;

9. All transfers of Securities into and /or out of CCIL's CSGL account shall be through the relevant functionality of Value Free Transfer (VFT) in eKuber system in terms of RBI guidelines issued for VFT;

10. The cut off timings specified for various activities relating to Initial Margin/Variation Margin are tabulated in Annexure I which shall be adhered to by all members;

11. CCIL shall account for and update individual Member's Initial Margin/Variation Margin contribution only after actual receipt of funds and/or securities as applicable in its respective Account;

12. Movement of funds/securities into and/or out of Initial Margin/Variation Margin contribution shall be captured, stored and maintained on value date basis;

13. All notices of contributions/withdrawal of cash and/or securities shall be sent via SARVAM System and CCIL's response to such notice shall also be sent through SARVAM system;

14. The notices may be e-mailed to cfm@ccilindia.co.in in case of non-availability/non-functioning of the SARVAM system;

15. Cash and securities contribution towards Initial Margin/Variation Margin shall be held separately by CCIL, segregated from the Member's other collateral such as MCC/TREPS/DF. These contributions shall not be fungible in event of a shortfall in the funds / collateral pool ;

16. All cash contributions / withdrawals to / from IM and VM shall be undertaken through CCIL's and respective member's RTGS Settlement / Current Account with Deposit Accounts Department (DAD) of Reserve Bank of India (RBI) ;

17. For Members not having Current Account with RBI shall contribute funds into CCIL's RTGS / Current Account with DAD, RBI through RTGS/NEFT. Withdrawals from SARVAM related excess margins shall be credited into Member's Bank accounts as recorded in SARVAM system.

18. All Collateral Notices shall be accepted on days when CCIL is open for business in terms of CCIL'S SARVAM Rules ;

19. Members shall ensure that the contribution/withdrawal of funds towards Initial Margin or Variation Margin shall be in multiples of **Rs. 1,000/- (Rupees One thousand only)** and Securities (face value) towards Initial Margin or Variation Margin shall be in multiples of **Rs. 10,000/- (Rupees Ten Thousand Only)** ;

20. CCIL shall settle cash only in a single designated account held by the beneficiary (recipient of funds). Similarly, CCIL shall settle bonds in only a single designated account held by the beneficiary (recipient of securities). Both these account shall remain uniform across all settlements that the beneficiary receives from all SARVAM members.

21. Members while uploading the CSA in the system shall be required to inform CCIL of the SSI details with respect to each counterparty. However, the implication of para 20 above must be adhered to.

II.   Procedure for Contribution :

A. Funds Contribution

1. For effecting fund transfer(s) to CCIL's RTGS Settlement Account, the members settling funds at RBI, shall incorporate CCIL's IFSC Code viz. **'CCIL0PI0001'** in the payment instructions to be executed on NG-RTGS/RTGS System;

2. The unique reference of the transaction (UTR) on NG-RTGS/RTGS System shall be incorporated in the Notice of Contribution sent to SARVAM system to assist CCIL in identification of Credit(s) received in the RTGS Settlement / Current Account ;

3. Member shall, on initiating an RTGS transfer, submit a notice of contribution through SARVAM system, identifying therein the requisite details, including whether such contribution is for Initial Margin or Variation Margin. The notice created in SARVAM system shall be approved by another User of the same Member;

4. The contribution shall be accounted for only upon sighting of funds in CCIL's RTGS Settlement Account / Current Account at RBI as above. Any credit of funds to CCIL's RTGS Settlement account at Reserve Bank of India or in current account with DAD, RBI, after the collateral business hours shall be accounted for on the next business day upon receipt of a Notice of Contribution.. CCIL shall update the holding of the concerned Member with CCIL accordingly the status of notice in the SARVAM System will be updated as '**Confirmed**'. The relevant collateral transaction and holding statement shall be made available for electronic download by the concerned Member on the relative date of contribution/confirmation;

5. In case of exceptional circumstances or non-availability of the NG-RTGS System, funds contribution may be accepted by CCIL in any other mode as accepted by DAD, RBI or through any other channel as may be decided by CCIL.

B. <u>Securities Contribution</u>

1. Members desirous of making securities contributions towards their Initial Margin/Variation Margin shall intimate CCIL accordingly via SARVAM System on the day of contribution along with the actual contribution. CCIL shall not confirm any securities contribution entry on RBI's eKuber system without proper receipt of requisite information from the concerned Member ;

2. Securities contribution by Members into Initial Margin/Variation Margin shall be carried out electronically using **Value Free Transfer** functionality in RBI's eKuber system. Member shall contribute securities from its SGL/CSGL account;

3. Member shall initiate the security contribution transaction by entering the details in the `**Margin Transfer Screen'** under the Security Services>Security Transfer Menu in eKuber System ;

   Member shall select:

   a) "**Contribution to IM / VM - SARVAM** "

   in Transfer Type as Reason for Transfer. Member shall select the source SGL A/c no and CSGL A/c Number along with the ISIN details with the appropriate quantity (Face Value) and create the transaction. eKuber system is expected to generate a **Service Reference Number** in respect of the transaction. Members shall incorporate the Service Reference Number in the SARVAM System in the block provided for inputting the said reference or in their "Notice of Contribution" sent to CCIL as para II.B.1 above;

4. Maker/Checker facility for the Member is available on eKuber system for the Securities contribution order entry. Once the Maker has created the transaction as per para II.B.3 above, the Checker shall verify and approve (option to reject is also available) the same. Once approved, the transaction is expected to electronically flow to CCIL for confirmation via eKuber System ;

5. Member shall on initiating a VFT in eKuber system, submit a Notice of Contribution through SARVAM system, identifying therein the requisite details, including whether such contribution is for Initial or Variation Margin as the case may be. The notice created in SARVAM system shall be approved by another User of the same Member ;

6. Upon receipt of transaction via eKuber System at CCIL, the collateral contribution transaction as above, would then be verified with the Notice submitted by the member. Upon verification of the relevant records in the eKuber System and ensuring that the

same tally completely with the Notice submitted for the purpose, the transaction shall be "**Confirmed**" at CCIL's end in eKuber. On confirmation, the transactions would electronically flow to RBI and expected to get '**Settled'** over eKuber System. In case the transaction particulars in the eKuber system do not tally with Notice /Notice of Contribution, the concerned transaction shall be rejected by CCIL ;

7. Upon transfer of security from Member's SGL/ CSGL Account into CCIL's CSGL Account for Initial Margin/Variation Margin, CCIL shall update collateral holding for Initial Margin/Variation Margin as the case may be and the status of notice in the Notice System will be updated as "**Confirmed**". Relevant collateral transaction and holding statement shall be available for electronic download by the concerned Member on the relative date of contribution.

III.   <u>Withdrawal Procedure</u>:

A. <u>Funds Withdrawal</u>

1. Members desirous of seeking fund withdrawals shall intimate CCIL via SARVAM System on the actual value date of proposed withdrawal ;

2. Such withdrawal requests shall be accepted as provided in the SARVAM Rules, for refund on **same day (Intraday)** only subject to applicable validations ;

3. Members shall ensure that such Notice of Withdrawal is properly received by CCIL within the cut-off timings prescribed for the purpose, identifying therein the requisite details, including whether such withdrawal is for Initial Margin/Variation Margin as the case may be. The notice created in SARVAM system shall be approved by another User of the same Member ;

4. Notice(s) of Withdrawal received via email or physical submission after the prescribed cut off time shall be rejected by CCIL ;

5. Member shall ensure that such Notice of Withdrawal is submitted after taking into account their Initial/Variation Margin requirement and that the same is permissible in terms of provision contained in SARVAM Rule Book;

6. In case the Notice of withdrawal is honoured, the status of the same is updated as **'Confirmed'** on SARVAM System. Withdrawals shall also be reflected in relevant collateral transaction and collateral holding statement on relative value date of payment;

7. Payment instructions shall be created by CCIL on the NG-RTGS/RTGS System indicating credit to respective member's RTGS Settlement / Current Account maintained with DAD, RBI or their Bank Accounts with Commercial Banks;

8. The Transaction Reference Number (UTR) in NG-RTGS/RTGS System for the funds transfer may be conveyed to concerned member through SARVAM System / e-Mail / telephone for the purpose of identification of credit ;

9. CCIL shall not be held responsible for non-execution of payment instruction(s) on NG-RTGS/RTGS System due any reasons beyond CCIL's control;

10. In exceptional circumstances or in the event of non-functioning of the NG-RTGS System, payment shall be effected through any alternative mode accepted by DAD, RBI or through any other channel as may be decided by CCIL.

B. **Securities Withdrawals**

1. Members shall be entitled to withdraw, in marketable lots, security/ies from their Initial Margin/Variation Margin Contribution in excess of the requirement by intimating CCIL via SARVAM System;

2. Such withdrawal requests shall be accepted as provided in the SARVAM Rules, for refund on **same day (Intraday)** only subject to applicable validations ;

3. Members shall ensure that such Notice of Withdrawal is properly received by CCIL within the cut-off timings prescribed for the purpose, identifying therein the requisite details, including whether such withdrawal is for Initial Margin or Variation Margin The notice created in SARVAM system shall be approved by another User within the same Member ;

4. In case the Notice of withdrawal is honoured, the status of the same is updated as **'Confirmed'** in SARVAM System ;

5. For permissible securities withdrawals, honoured by CCIL after completion of necessary internal checks, CCIL shall initiate the security withdrawal transaction by entering the details in eKuber System on the Value Date based on the notice of withdrawal submitted by the member. The refund shall be effected in respective Members' SGL/ CSGL, as applicable. The transfer order will then be approved by CCIL and electronically transmitted to the concerned Member via eKuber System for confirmation ;

6. Upon initiation and authorization of the transaction by CCIL the relative "**Service Reference Number**" will be communicated by CCIL to the concerned Member through SARVAM System with an email alert or via telefax /telephone to assist the Member in the confirmation process ;

7. Upon intimation through SARVAM System /e-mail alert, Member shall confirm the Collateral withdrawal transaction by accepting the details entered by CCIL in the eKuber System. Members shall ensure that the securities to their account as part of VFT

transfer using the Transfer Order Query provided under the Security Services > Security Transfer Menu of the eKuber System;

8. Member shall ensure due, proper and timely confirmation of Withdrawal transaction on eKuber System within the cut-off timings prescribed by RBI and ensure transfer of security to their SGL / CSGL Account. No liability shall rest on CCIL for the Member's failure to do so ;

9. Withdrawals shall be reflected in relevant collateral transaction and collateral holding statement on relative value date of payment;

10. CCIL's obligation towards the security withdrawal is limited to initiation, confirmation and electronic transmission of relative security/ies transfer order to the member via eKuber System;

11. Transfer of securities may be effected using file upload capability in eKuber System. Such option shall be used, provided relevant user rights are available at member end for acceptance of VFT file transfer.

IV.   <u>Securities Substitution</u>

Members can substitute cash for security OR vice versa OR even replace a security with another eligible security. Member shall follow the procedure for contribution and Withdrawals, as prescribed above for the purpose. Substitution is allowed using both free and encumbered securities; however, for encumbered securities, the substituted security must meet the eligibility criteria specified in the CSA with the Counterparty. Members shall initially execute the contribution transaction to ensure that the withdrawal transaction could be processed successfully by CCIL.

V.   <u>Corporate Actions on Cash and Securities</u>

1. Interest (coupon) benefits due on Securities contributed towards Initial Margin/Variation Margin collateral and held with CCIL on which CCIL has received coupon from RBI shall be paid to the Members contributing the security(ies) in terms of SARVAM Rules;

2. Interest on cash –Collateral :

No interest is payable on the Cash collateral contributed towards IM / VM

Sd/-

Authorised Signatory

The Clearing Corporation of India Ltd.

THE CLEARING CORPORATION OF INDIA LTD.

A. Cut-off Timings for receipt of Notices by CCIL

Sr No	Particulars of Notice		Timings
1.	Contribution	Funds	8.00 to 18.00 hrs
		Securities	8.00 to 18.00 hrs
2.	Intraday Withdrawals	Funds	8.00 to 18.00 hrs
		Securities	8.00 to 18.00 hrs

THE CLEARING CORPORATION OF INDIA LTD.

{ Notice of Contribution to be submitted by Member}

(To be Issued by Member on its letter head in case of physical submission of Notice)

SARVAM – IM / VM

Notice of Contribution

As on _____ (Date)

Reference (if any) _____

Member ID :

Member Name :

I. **Funds Contribution**

Source Current / RTGS Settlement Account No.

Sr. No.	Bank IFSC	BANK Name (in case of non RBI member) *	Transaction Reference No.	Amount (Rupees in Figures)	Amount (Rupees in Words)

*Not applicable for Proprietary collateral contribution

II. **Security Contribution** – Source SGL / CSGL Account No.

Destination CSGL Account No.

Sr. No.	Custodian Details	Custodian Name (in case of non RBI member) *	ISIN	Security Description	Face Value (Rs in figures)	Face Value (Rs in words)	eKuber Service Reference No.

* Not applicable for Proprietary collateral contribution

This Notice of Contribution is sent as required as per SARVAM Rules. We hereby undertake to contribute relative funds/securities as per extant procedure within the cut-off timings stipulated by RBI / CCIL for the purpose.

<For (Member Name)>

Authorised Signatory/ies

THE CLEARING CORPORATION OF INDIA LTD.

{ Notice of Withdrawal to be submitted by Member }

(To be Issued by Member on its letter head in case of physical submission of Notice)

SARVAM – IM / VM

Notice of Withdrawal

As on _____ (Date)

Reference (if any) _____

Member ID :

Member Name :

I. Funds Withdrawal

Sr. No.	Member ID (in case of non RBI member) *	Member Name (in case of non RBI member) *	Value Date	Amount (Rupees in Figures)	Amount (Rupees in Words)	Current / RTGS Settlement Account Number to be credited

* Not applicable for Proprietary collateral contribution

II. Security Withdrawal

Sr. No	Member ID (in case of non RBI member) *	Member Name (in case of non RBI member) *	Value Date	ISIN	Security Description	Face Value (Rs. in figures)	Face Value (Rs in words)	CSGL A/c No. to be credited

* Not applicable for Proprietary collateral Withdrawal

We confirm that this Notice is submitted based on –

1. Actual balances held / reported by us with CCIL;
2. The withdrawal shall be processed in terms of SARVAM Rules

We are aware that this Notice of Withdrawal should reach your counters within the cut-off timings stipulated for the purpose.

We undertake to confirm the transaction in the eKuber System on value date of withdrawal within the cut-off timings stipulated by RBI for the purpose.

<For (Member Name)>

_____
Authorised Signatory/ies
(as applicable)