



**THE CLEARING CORPORATION OF INDIA LTD.**

**NOTIFICATION**

**Derivatives Department**

Date: 2<sup>nd</sup> May, 2023

Notification No.: CCIL/DRV/23/15

To

All Members /Financial Institutions/ Other Legal Entities having outstanding OTC Derivative Trades

**Non Centrally Cleared Derivatives (NCCDs)**

The margin requirements for Non-Centrally Cleared Derivatives (NCCDs) is one of the agreed Group of Twenty (G20) reforms to reduce the systemic risk from Over-the-Counter (OTC) derivatives. Following the G-20 recommendations and with a view to improve safety of settlement of OTC derivatives that are not centrally cleared, the Reserve Bank of India (RBI) has issued the following directions relating to margining for NCCDs namely:

1. Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022.
2. Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2022 – Draft dated June 16, 2022.

In line with its ongoing endeavors to provide a robust market infrastructure in the Indian financial markets, The Clearing Corporation of India Ltd. (CCIL) is extending its services in margining and collateral management for NCCDs by offering a comprehensive, secure and seamless solution to meet the above expectations and commitments.

A consultation paper on the proposed Margining and Collateral Solution for Non-Centrally Cleared Derivative (NCCD) Trades was issued on 20<sup>th</sup> September, 2022, on which, CCIL received valuable feedback from its Members.

Accordingly, it has built the Service for Analysis of Risk, Valuation and Margining (SARVAM). The solution has been designed to provide ‘Valuation’, ‘Margining’ (both Variation Margin (VM) and Initial Margin (IM)), ‘Collateral Management and Margin Maintenance’ and Risk Analytics services for NCCDs under its different modules.

Accordingly, eligible entities desirous of availing CCIL's SARVAM may make an application (effective from 02<sup>nd</sup> May 2023). Presently, SARVAM offers the undernoted services:

- i. Trade Reporting and creation of counterparty wise portfolio for various asset classes of NCCDs. If trades are already reported to CCIL's Trade Repository (TR), a consent would be obtained to take such reported trades for Valuation and Variation Margin (VM) calculation
- ii. Trades reported and matched in CCIL TR till 9 p.m. on the reporting date ( T day) shall be taken up for creation of counterparty wise portfolio and calculation of VM
- iii. Capture of bilateral CSAs and valuation and VM computation based on the terms of bilateral CSA
- iv. Facility to reconcile the VM difference with the bilateral counterparty, if required.
- v. Provision of margin call reports and other Valuation/Risk Analytic reports on T + 1 basis (around 10.00 a.m.)
- vi. Recording of Margin posted/received in Collateral Module
- vii. Provision of various other reports as may be notified by CCIL from time to time.

Other facilities/services contemplated/designed will be notified in due course.

Enclosed with this notification are the Rules governing the operation/services provided under SARVAM (Members making an application may duly take note of the same).

Interested market participants may get in touch with CCIL at sarvam@ccilindia.co.in or call us on 022- 6154 6470/ 6472/6462

For The Clearing Corporation of India Ltd.

Sd/-

Managing Director