

THE CLEARING CORPORATION OF INDIA LTD.

CCIL/LEGAL/25/40

01st October, 2025

To,
All Members

Dear Sir/ Madam

Re – Notification of process of intimation under Rule 3(i) of Chapter VIII of the CCIL-SARVAM Rules for the following:

- 1. Process of intimation by the collecting party on account of the Event of Default of the posting party; and**
- 2. Process of intimation by the posting party on account of the Event of Default of the collecting party.**

This Notification is issued in exercise of all the powers conferred on the Clearing Corporation under the CCIL-SARVAM Rules, and more specifically under Rule 3 (i) of *Chapter VIII: Safekeeping, Segregation and Transfers* of the CCIL-SARVAM Rules to specify the process for transfer of Collateral under Rule 3 (Transfer of Collateral on Event of Default) of Chapter VIII of the CCIL-SARVAM Rules.

Part 1

- 1. Process of intimation by the collecting party on account of the Event of Default of the posting party**

A Member, being the collecting party, shall follow the process set out below for the transfer of Collateral upon the occurrence of an Event of Default by the posting party and to initiate the consequent transfer of Collateral thereof:

- (a) Post invocation of Close-Out Netting upon an Event of Default of the posting party, the collecting party (being the non-defaulting party) may intimate the Clearing Corporation for the transfer of Collateral posted by the posting party (being the defaulting party) in favor of the collecting party, against any Margin requirement (hereinafter the “**Collecting Party Instruction**”) as per the format prescribed by the Clearing Corporation.
- (b) On receipt of the Collecting Party Instruction, the Clearing Corporation shall forthwith initiate the procedure to carry out the transfer of Collateral posted by the posting party, in favour of the collecting party (to the extent of the Close-Out Netting), as per the Collecting Party Instruction.

Part 2

2. Process of intimation by the posting party on account of the Event of Default of a collecting party.

A Member, being the posting party, shall follow the process set out below for release of Collateral upon the occurrence of an Event of Default by the collecting party:

- (a) Post invocation of Close-Out Netting upon an Event of Default of the collecting party, the posting party (being the non-defaulting party) may intimate the Clearing Corporation to release the Collateral posted by the posting party in favor of the collecting party (being the defaulting party), against any Margin requirement (hereinafter the “**Posting Party Instruction**”), as per the format prescribed by the Clearing Corporation.
- (b) On receipt of Posting Party Instruction, the Clearing Corporation shall provide a Collecting Party Notification to the collecting party notifying the receipt of the Posting Party Instruction. The Clearing Corporation shall block the Collateral posted by the posting party for the period of Collecting Party Notification, which shall be 2 (two) Business Days from the collecting party’s receipt of the Collecting Party Notification, and the same shall not be available for withdrawal during this period.
- (c) Unless, (i) the collecting party, with respect to the Posting Party Instruction, intimates the Clearing Corporation objecting to the Posting Party Instruction (as per the format prescribed by the Clearing Corporation), or (ii) the posting party and collecting party provide a joint instruction to the Clearing Corporation to not act on the Posting Party Instruction (as per the format prescribed by the Clearing Corporation), in each case within 2 (two) Business Days from the collecting party’s receipt of the Collecting Party Notification, the Clearing Corporation shall release the Collateral posted in favour of the collecting party by the posting party, as per the Posting Party Instruction.
- (d) Notwithstanding the foregoing in ‘c’ above,
 - (i) if the collecting party, with respect to the Posting Party Instruction, intimates the Clearing Corporation objecting to the Posting Party Instruction as per paragraph c(i) above, in such an event, the Clearing Corporation shall continue to hold such Collateral, but shall not provide the MCM module except for the limited purpose of the Trades in dispute, until the Clearing Corporation is jointly notified by the collecting party and the posting party that the dispute is resolved, and upon resolution, the Clearing Corporation shall continue the services under SARVAM in normal course; or
 - (ii) if Clearing Corporation is jointly instructed by the collecting party and the posting party to disregard the intimation/request as per paragraph c(ii) above,

the Clearing Corporation shall continue with the services in respect of the Collateral posted, as if no Posting Party Instruction or notice of an Event of Default had been received by the Clearing Corporation. i.e. the Collateral shall not be released as per Posting Party Instruction and will continue to remain posted by the posting party in favour of the collecting party.

Nothing contained in this Notification shall be construed as preventing the collecting party from notifying the Clearing Corporation of the occurrence of an Event of Default of the posting party, consequently requiring the transfer of Collateral posted by the posting party in favour of such collecting party in accordance with the process specified under Part 1 of this Notification and subject to the CCIL-SARVAM Rules and the terms of the Netting Agreement.

3. In this Notification, unless the context requires otherwise:
- (a) posting party refers to a Member that has posted Collateral in respect of its Margin obligations in accordance with the CCIL-SARVAM Rules in favour of a particular Counterparty, and collecting party shall mean such Counterparty.
 - (b) “Collecting Party Notification” means a notice issued by the Clearing Corporation to the collecting party in accordance with paragraph 2 (b) of this Notification, under which the Clearing Corporation notifies the collecting party that it has received a Posting Party Instruction and/or an intimation of an Event of Default in respect of the collecting party from the posting party.

This Notification is in addition to and not in derogation of the CCIL-SARVAM Rules, and any other Notification(s) issued thereunder, unless otherwise specified to the contrary.

The Notification shall be **effective immediately**.

Yours faithfully,

For The Clearing Corporation of India Ltd.,

Sd/-

(Approving Authority)