

1. DEALS

Deals executed on the Currency Derivatives Segment of BSE Ltd. (BSE) are eligible to be cleared and settled through Clearing Corporation in the Currency Derivatives Segment unless specifically deferred or not allowed to, or rejected from admission by the relevant authority.

2. LIQUID ASSETS

The liquid assets for trading in the Currency Derivatives Segment are to be maintained separately in the Currency Derivatives Segment.

2.1 Composition of Liquid Assets

Clearing Members of the Currency Derivatives Segment may deposit liquid assets in form of cash and cash equivalent i.e., Bank Guarantees and Fixed Deposit Receipts of scheduled commercial banks, eligible Government Securities, eligible Liquid Mutual Fund Units and non-cash equivalent i.e., eligible securities and in any other form of collateral as may be prescribed by ICCL from time to time. List of eligible securities and mutual fund units is available on the website of BSE Ltd. (BSE)/ICCL.

Eligible Collateral	Haircut		Concentration Limit
Cash Equivalent			
Cash	No haircut		No Limit
Bank Fixed Deposits Receipts ("FDRs")	No haircut		No limit
Bank Guarantees	No haircut		Limit on exchange's exposure to a single bank (see Note B)
Securities of the Central Government	Type and Tenor of Securities		No limit
	Treasury Bills, and Liquid Government of India Dated Securities having residual maturity of less than 3 years	2%	
	Liquid Government of India Dated Securities having residual maturity of more than 3 years	5%	
	For all other Semi-liquid* and Illiquid* Government of India Dated Securities	10%	

Units of liquid mutual funds or government securities mutual funds (by whatever name called which invest in government securities)	10%	No Limit
Other Liquid Assets		
1. Cannot be used for mark to market losses		
2. Total of Other Liquid Assets cannot exceed total of Cash Equivalents		
Liquid (Group I) Equity Shares (see section 3 for classification of equity shares on the basis of liquidity)	Same as the VaR margin for the respective shares	Limit on exchange's exposure to a single issuer
Mutual fund units other than those listed under cash equivalents	Same as the VaR margin for the units computed using the traded price on stock exchange, if available, or else, using the NAV of the unit treating it as a liquid security	
Card value of eligible exchanges	50% if the last sale or auction of card in the exchange took place during the last six months. 75% if the last sale or auction of card in the exchange took place during the last twelve months but not within the last six months. 100% if no sale or auction of card in the exchange has taken place during the last twelve months.	Eligible only for Extreme Loss Margin
Corporate Bonds	Fixed percentage based or VaR based Haircut. A higher haircut may be considered to cover the expected time frame for liquidation. To begin with the haircut shall be a minimum of 10%	Not to exceed 10% of the total liquid assets of the clearing member.

The exchanges shall lay down exposure limits either in rupee terms or as percentage of the Trade Guarantee Fund (TGF) / Settlement Guarantee Fund (SGF) that can be exposed to a single bank directly or indirectly. The total exposure would include guarantees provided by the bank for itself or for others as well as debt or equity securities of the bank which have been deposited by members towards total liquid assets. Not more than 5% of the TGF/SGF or 1% of the total liquid assets deposited with the exchange, whichever is lower, shall be exposed to any single bank which has a net worth of less than Rs 500 Crores and is not rated P1 (or P1+) or equivalent, by

a RBI recognized credit rating agency or by a reputed foreign credit rating agency, and not more than 50% of the TGF/SGF or 10% of the total liquid assets deposited with the exchanges, whichever is lower, shall be exposed to all such banks put together.

**The exchanges shall lay down exposure limits either in rupee terms or as percentage of the Trade Guarantee Fund (TGF)/Settlement Guarantee Fund (SGF) that can be exposed to a single issuer directly or indirectly and in any case the exposure of the TGF/SGF to any single issuer shall not be more than 15% of the total liquid assets forming part of TGF/SGF of the exchange.

The cash/cash equivalent component should be at least 50% of the total liquid assets. Hence, non-cash equivalent component in excess of the total cash/cash equivalent component would not be considered as part of Total Liquid Assets. Further, the Liquid Assets deposited in form of cash equivalent and non-cash equivalent are subject to applicable norms in respect of haircuts, single bank and single issuer exposure limits, etc. as per the guidelines issued by Securities and Exchange Board of India (SEBI), BSE and ICCL as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

2.2 Minimum Liquid Asset

The Clearing Member shall meet with the minimum liquid assets requirements prescribed by ICCL at all points of time.

The Clearing Member's liquid net worth after adjusting for the initial margin and extreme loss margin requirements must be at least Rs. 50 Lakhs at all points in time.

Accordingly, every Clearing Member would be required to maintain Minimum Liquid Networth (MLN) of Rs. 50 lakhs with ICCL. At least Rs. 25 lakhs of MLN should be in form of cash/Cash equivalent and the balance in form of Cash/Cash equivalent/non-cash equivalent.

2.3 Additional Liquid Assets

Clearing Members may deposit additional liquid assets at any point of time based on the composition of Liquid Assets as detailed above.

2.4 Procedure for submission of deposits towards Liquid Assets Cash deposits

For depositing cash towards liquid assets, the Clearing Members need to send their online instruction in respect of the same through the Collateral Module to their respective Clearing Banks for confirmation of such request for enhancement of cash collateral.

ICCL has provided an on-line facility to members for sending instructions to Clearing Banks for enhancement of cash collateral. Through the said facility, Members can place their on-line requests to their designated Clearing Bank during the specified timings for enhancement of cash collateral for the relevant segment of the Exchange. The concerned Clearing Banks have also been provided the on-line web-based facility for confirmation of such cash collateral enhancement requests. Based on the request forwarded by the Member, the respective Clearing Banks may confirm or reject the enhancement of cash collateral request received by them.

ICCL shall pay interest at the rate of 2.7% per annum on cash collateral maintained in the Currency Derivatives Segment. The interest would be calculated on a weekly basis on the cash collateral maintained throughout the week in the Currency Derivatives Segment.

Fixed Deposit Receipts (FDRs)

Clearing Members can deposit FDR(s) of a scheduled commercial bank towards liquid assets. The FDRs deposited by the Clearing Members should be issued in favour of "Indian Clearing Corporation Ltd. a/c Trade Name of the Clearing Member" and should be duly discharged by the Clearing Member himself or an authorised signatory of the member on the reverse of the FDRs. The FDRs need to be deposited alongwith a covering letter of the Clearing Member in the format given in Annexure - I, and also with a letter from the concerned bank addressed to ICCL in the format given in Annexure - II.

Fixed Deposit Receipts in electronic form (E-FDRs)

The Clearing Members can also deposit the Fixed Deposit Receipts in electronic form (E-FDRs) in favour of ICCL towards their Liquid Assets. The process for issuance of E-FDR is as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit required documents and information such as member code, segment for which FDR is to be deposited towards Liquid Assets (Collateral) requirements, Amount, Tenure etc.
- Request the bank to create/renew FDR and mark lien in favour of ICCL.
- Bank will issue/renew the FDR, mark lien in favour of ICCL.
- Bank will update and confirm the FDR information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of E-FDR would be same as that of the current process for the FDR. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

Renewal of FDRs

Clearing Members may renew the FDRs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – III. The renewal letter should be submitted along with a covering letter by the Clearing Member in the prescribed format given in Annexure - IV.

Bank Guarantee (BGs)

Clearing Members can deposit Bank Guarantees (BGs) issued by Scheduled Commercial Banks towards Liquid Assets requirements in the prescribed format given in Annexure - V. The BG may be deposited along with a covering letter of the Clearing Member in the format given in Annexure - VI.

Clearing Members can deposit bank guarantee(s) with/without the claim period. In cases where bank guarantee(s) are submitted without a claim period, the amount of the bank guarantee(s) would be removed from the liquid assets of the member at least seven days before the expiry date of the bank guarantee(s) or such other period as may be decided by ICCL from time to time. In cases where bank guarantee(s) are submitted with a claim period, the amount of the bank guarantee(s) would be removed on the expiry date of the bank guarantee(s) or such other date as may be decided by ICCL from time to time.

Clearing Members are required to ensure the following at the time of deposit of bank guarantees:

- The bank guarantee should be strictly as per the formats prescribed by the Clearing Corporation.
- No relevant portion of the bank guarantee should be left blank
- All irrelevant portions struck off on the printed format should be authenticated by the bank by affixing the bank seal / stamp duly authorised.
- All handwritten corrections and blanks should be attested by the bank by affixing the bank seal / stamp duly authorized.
- Each page of the bank guarantee should bear the bank guarantee number, issue date and should be signed by at least two authorised signatories of the bank.
- That the bank guarantee should be free from any discrepancy before the same is submitted to ICCL.

Bank Guarantee in electronic form

The Clearing Members can also deposit the Bank Guarantees in electronic form in favour of ICCL towards their Liquid Assets. The process for issuance Bank Guarantees in electronic form is as follows:

- Members who wish to avail of the facility can approach any of the empaneled banks.
- Submit their request along with the required documents/information and complete the necessary formalities as may be required by the concerned banks for issuing bank Guarantees towards Liquid Assets (Collateral) requirements.
- If the documents are in order as per bank's requirements, then the bank may issue the Bank Guarantee documents in favour of ICCL as per the existing process.
- Bank will update and confirm such Bank Guarantee information electronically to ICCL through the system provided by ICCL.

The process for withdrawal of such Bank Guarantees would be same as that of the current process for the Bank Guarantee Release. ICCL shall from time to time, inform the Clearing Members of the empaneled banks who shall provide this facility.

Renewal of BGs

Clearing Members may renew the BGs deposited towards Liquid Assets by submitting a renewal letter from the concerned bank in the prescribed format given in Annexure – VII. The renewal letter should be submitted along with a covering letter by the Clearing Member in the prescribed format given in Annexure - VIII.

Eligible securities and units by way of pledge towards Liquid Assets

Clearing Members can deposit eligible securities and units in dematerialised form towards liquid assets by way of pledge. The list of eligible securities and units is available on BSE/ICCL website. These securities and units shall be pledged in favour of ICCL in the designated depository accounts.

The valuation of the securities and units deposited towards Liquid Assets shall be in accordance with the norms and limits as prescribed by ICCL from time to time. The value of the securities shall be subject to such haircut as may be prescribed by ICCL from time to time to arrive at the collateral value of the securities. The valuation of securities and units will be done on a periodic interval by ICCL and benefit to the extent of net value of the securities/units after haircut shall be considered.

ICCL may revise the list of approved securities/units and the norms in respect of same from time to time. Clearing Members shall regularly monitor their valuation of securities/units lying towards Liquid Assets and replace/replenish the same based on the revised list of approved securities/units and change in norms.

Clearing Members shall also ensure that only eligible securities are pledged and lying towards their Liquid Assets with ICCL and that the said securities are not subject to any lock in period, buy back scheme any charge or lien, encumbrance of any kind, or such other limitations or title is questioned before the court or any regulatory body.

Procedure for pledging of demat securities/units towards Liquid Assets

Clearing Members need to follow the following procedure for availing the facility to pledge demat securities /units towards Liquid Assets:

Clearing Members need to execute a deed of pledge in favour of ICCL, for deposit of approved securities towards liquid assets with ICCL for the concerned segment in the prescribed format given in Annexure - IX. The said deed of pledge should be:

- signed and stamped on all pages and where manual changes have been carried out by (i) Clearing Member in case of individual, (ii) all partners in case of a Partnership Firm (iii)

by any two of the following persons (Managing Director, Whole-time Director, Directors) in case of a company.

- accompanied with a certified true copy of the Board Resolution, authorising the signatory to sign this deed, to be submitted in case of a company. By Authorized Signatory as approved by the Bank, in case of a Bank.
- Accompanied with a copy of the authority letter addressed by the member to its Clearing Bank authorising them to carry out the debit in respect of charges levied by ICCL/ICCL's custodian. The said copy of letter shall be duly acknowledged by their Clearing Bank.
- A covering letter of the Clearing Member enclosing details of the aforesaid and requesting for opening of a pledgee account of ICCL in whose favour the said demat securities/units towards Liquid Assets of the member shall be pledged.

Clearing Members can initiate pledging of securities/units in favour of ICCL for deposit of same towards their Liquid Assets, and requisite benefits in respect of same will be available after receipt of confirmation of the pledge from the Depository system.

Government of India Securities towards Liquid Assets

Clearing Members may deposit eligible securities of Central Government of India (G-Sec) and Treasury Bills (T-bills). The list of such eligible securities is available on BSE/ICCL website .

The procedure for deposit of eligible securities in form of G-Sec and T-Bills shall be as prescribed in Annexure – X.

In addition to the existing mode of depositing the G-Secs through the E-kuber system of RBI, the Clearing Members can create a lien on the G-Secs held in CSGL (Constituent Subsidiary General Ledger) account of the members in favour of ICCL as part of their collateral requirements.

2.5 Procedure for submission of release request of Liquid Assets

Clearing Members can place their on-line requests for release of Liquid Assets deposited by them with ICCL to the extent of available collateral which is not utilised/blocked towards margins and/or other obligations of the member through the collateral module provided to them. Such requests may be considered by ICCL, inter alia, subject to availability of un-utilised collateral of the member after due adjustments for the fulfilment of all obligations and liabilities of the member towards ICCL/BSE as per the Bye Laws, Rules and Regulations of ICCL/BSE or anything done in pursuance thereof.

Clearing Members can log-in to the web-based Collateral Module of ICCL and submit their requests for release of available collaterals. No separate letter would be required to be submitted for the same.

2.6 Transfer of collateral from one trading segment to another trading segment

Clearing Members, who intend to transfer collateral across segments need to send their on-line instruction in respect of same through the Collateral Module. Members can log-in through specific user-ids and passwords into the Collateral Module.

Clearing Members can avail facility of on-line transfer of collateral across segments to the extent of the available amount of unutilised collateral (collateral which is not utilised/blocked towards margins and/or other obligations of the member). The transfer requests received from Clearing Members through the Collateral Module shall be treated as request from the member and no separate letter would be required to be submitted.

In case of collateral lying in form of bank guarantees issued by banks the same would be available for transfer from one trading segment to another, only after submission of letter from the concerned bank regarding transfer of scope of the bank guarantee in the specified format given in Annexure - XI, to ICCL.

The evaluation of collateral transfer across the segments will be subject to hair-cut and other criteria/norms in respect of the concerned segments as specified by SEBI/BSE/ICCL in this behalf from time to time.

Clearing Members may verify the details of their request for transfer and its status in the Class Collateral Module.

2.7 Open ended mutual fund units as Collaterals

Units of mutual funds are accepted as in dematerialized form as approved collaterals through approved custodians.

2.8 Inter CC Collateral

As per SEBI circular section 5.3.3, 'The liquid assets as well as hair-cuts as prescribed vide SEBI Circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 on "Comprehensive Risk Management Framework for the cash market" and SEBI Circular CIR/MRD/DRMNP/9/2013 dated March 20, 2013 on "Corporate bonds and Government securities as collateral" shall be applicable for inter-CCP transactions.

CCs have agreed to initially exchange cash/ bank guarantees/ FDRs for the purpose of inter CC margin requirement.

Single collateral across segments

Unlike clearing members who are required to maintain collateral segment-wise; the interoperable CCs are permitted to deposit single overall collateral. The collateral available towards margin requirement (i.e. the total collateral net of the risk-based capital) is to be assessed against the total inter-CC margin requirement across segments. The inter-CC margin enforcement is not upfront (ordinarily end-of-day and subject to intraday margin call).

Inter CC movement of collateral for change in Designated CC

Where a clearing member decides to change its CC, post interoperability, the outgoing CC shall facilitate porting of positions and collateral of the clearing member to incoming CC. While porting of cash and securities is easier, the same is not true for fixed deposit receipts and Bank Guarantees. The BGs and FDRs are issued by Banks to clearing members in favour of a specific CC. Where a clearing member decides to change its CC, post interoperability, this would have entailed cancellation of existing FDR and BG that are in favour of outgoing CC and issuance of new FDR and BG in favour of incoming CC. This would have been both time consuming and costly. In view of this it was agreed between CCs that while outgoing CC shall retain such FDR and BG till expiry of the instrument, it will pass on the details of such instruments to incoming CC. The member will renew BG or FD in favour of new CC upon expiry of existing instruments. In case clearing member want to get release of such instruments, the request shall be made to new CC. The new CC shall after doing necessary checks give go ahead to old CC for release of such collateral. The procedural details are provided by CC in FAQ and circulars.

Pledge / Re-pledge of Securities

Deposit of eligible demat securities (inclusive of Equity shares/MF Units/Corporate bonds, G-sec's etc.) by way of pledge/re-pledge in favour of ICCL towards collateral requirements by Clearing Members (CMs) through the Depositories system, the undermentioned new process will be followed as prescribed in the aforementioned SEBI Circular dated February 25, 2020, w.e.f. August 01, 2020.

a. Pledging-Repledging of Securities

1. As per the process prescribed in the aforesaid SEBI Circular, the Depositories will provide the files pertaining to pledge/re-pledge to ICCL.
2. Clearing Members will be required to open separate designated demat account in the Depositories system for the purpose of providing securities as collateral. CMs need to provide the details of designated demat accounts from where the pledge/re-pledge of eligible securities will be created in favour of ICCL. The said demat account details are to be provided by email addressed to bse.csd@bseindia.com, latest by July 20, 2020.
3. The details of ICCL's demat accounts in favour of which pledge/re-pledge of eligible securities are to be created by CMs will be provided through a separate circular. Details of such demat accounts of ICCL will also be available in the respective Depository system at the time of creation of pledge/re-pledge of eligible securities.
4. Custodians would be required to enter Custodial participant (CP) code in pledge/re-pledge instructions pertaining to their CP clients as per the procedure stipulated by the Depositories.
5. After creating pledge/re-pledge in the Depository system, on the basis of the details provided by the Depositories, the following fields will be provided to the respective CMs in the collateral holding report.

- Client UCC
- Trading Member (TM) Code/CP Code
- CM Code
- Segment Indicator
- CM Demat account details
- Description of Securities
- Depository ISIN
- Quantity
- Depository Pledge/Re-pledge sequence No etc.

Such collateral holding report will be available in the existing ICCL Collateral Management Module Reports Holding Statement / New Holding Statement provided to the CMs. In addition to this, along with the other End-of-Day (EOD files) of the respective segment, comprehensive report pertaining to the securities pledged by CMs in favour of ICCL will also be provided in CSV format. File format for the same is attached.

0. CMs may note that the Depository system will accept only eligible securities towards pledge/re-pledge by CMs in favour of ICCL.

1. The evaluation of collateral will be subject to existing norms/criteria pertaining to haircut, composition of cash/cash equivalent & non-cash equivalent etc. as specified by SEBI/ICCL in this behalf from time to time.

b. Release of Securities

1. For release of pledged securities lying with ICCL, the CMs can place their online requests through ICCL Collateral Module as per existing process.

2. Such pledge/re-pledge securities will be released only if the same are not utilised towards margin/obligations of the respective clients/TMs of the concerned CM or; there is sufficient unutilised collateral deposit of the concerned CM available with ICCL to meet such margin/obligation requirements.

For other details, Members are requested to refer the aforesaid SEBI Circular No SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 & SEBI circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/88 dated May 25, 2020, or any other circular issued by SEBI/Exchanges/ICCL/Depositories from time to time.

Client Allocation for Cash and Cash Equivalent Collateral

In view of SEBI Circular Ref No. SEBI/HO/MRD2/DCAP/P/CIR/202 dated November 23, 2021, for availing collateral limits in case of Cash and Cash equivalent collateral,

CMs will be required to provide client level collateral allocation details to ICCL through File upload/API. The same may be done through upload of file through member extranet portal or via API.

1. Process for upload of ICCLCOLL file through members’ extranet portal:

- a. File to be uploaded on extranet URL <https://member.bseindia.com>
Path Menu: uploads-*select file type, Collateral Allocation File-* Click upload.
- b. Maximum 50,000 records can be uploaded in a single allocation file.
- c. After upload of the first full allocation file, all subsequent files uploaded by CMs would be for changing the allocated collateral amounts (except in case of transfer) of existing TM/Client/CP or for adding collateral allocation for any new TM/Client/CP.
- d. The allocated amount (except in case of transfer) mentioned in the file would be the allocation requested amount for the respective data string i.e., segment wise collateral allocated for respective CM/TM/Client/CP. Accordingly, the allocated amount provided in the file would replace the previous values for the mentioned data string. However, in case of transfer of collateral amount from one segment to another segment, CM should mention the actual amount to be transferred in the field against “Sr No. 8” and mention the segment where the collateral amount is to be transferred in the field against “Sr No. 9.”
- e. *Format for ICCLCOLL file:*

File Nomenclature	ICCLCOLL_CMCODE_ddmmyyyy_batchno (CM will upload single file for all segments. The segment wise details to be taken from field number two i.e Segment Indicator. Segment indicator details are provided on page number 3. Nomenclature date should be the current business date.) Batch No – Batch no will be unique four-digit sequence no (0001 to 9999)
File type	CSV
Frequency of reporting	Online basis. It will always be a final file at client level.
Cut-off time for submission	Morning 8:00 am to 8:00 pm (tentative-to be parameterized). Cut-Off time for Commodity and Gold Spot segment to be till 11 pm (tentative-to be parameterized). Records which are uploaded by the members post the above stipulated end time, collateral system will read the records on the next working day.

1	Current Date	Char (11)	DD-MMM-YYYY. Date will be the current business date (file upload date). It should match with the date mentioned in file nomenclature.
2	Segment Indicator	Char (03)	*Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
3	Clearing Member	VarChar (5)	ICCL CM Code
4	Trading Member	VarChar (5)	TM Code
5	CP Code	VarChar (12)	CP Code
6	Client Code	VarChar (10)	UCC Code. Value should be Blank when CP code is populated, or Account type is 'P'
7	Account Type	Char (1)	P-prop, C-Client
8	Cash & Cash Equivalents	Number (15,2)	Value in Rs. (Cash + FDR +BG)
9	Transfer to segment	Char (03)	Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB (Actual value to be provided only in case of transfer from one
10	Filler 1		Reserved for future
11	Filler 2		Reserved for future
12	Filler 3		Reserved for future
13	Filler 4		Reserved for future
14	Filler 5		Reserved for future
15	Action	Char (1)	Expected sample value: Allocated Collateral amount (A) Transfer (T)

*Segment description –
 CM – Equity Cash Segment
 FO – Equity Derivatives Segment
 CD – Currency Derivatives Segment
 CO – Commodity Derivatives Segment
 SLB – SLB Segment
 OFS – Offer for Sale Segment.
 TPR – Tri-party Repo Segment
 ITP – ITP Segment
 DT – New Debt Segment
 NCB – NCBGSEC Segment.

f. Format: Input fields for each client/proprietary type

SR. NO.	Level	Clearing Member Code	Trading Member Code	CP Code	Client Code	Account Type	Mandatory
1	CM Proprietary account	CM Code	Blank	Blank	Blank	P	YES
2	CM's own TM Proprietary account	CM Code	Blank	Blank	Blank	P	YES
3	CM's aggregated CP Proprietary account	CM Code	Blank	Blank	Blank	P	YES
4	Client's account	CM Code	TM Code	Blank	Client Code	C	YES
5	CP account	CM Code	Blank	CP Code	Blank	C	YES
6	TM's Proprietary account	CM Code	TM Code	Blank	Blank	P	YES

CM should input the above applicable fields for allocation pertaining to each type.

CM Proprietary account Allocation would be at CM Proprietary level

This allocation would be available towards the excess non-cash collateral of all TMs and their clients including the CM's own TM and CP clients.

Example: CM: 1234.

CM's own TM Proprietary account

Allocation would be at CM's own TM's Proprietary level. This allocation would be available towards the excess non-cash collateral of clients clearing directly through the CM in its capacity as a TM. Excess cash-equivalent collateral of the CM's own TM Proprietary account would first be used to offset the excess non-cash collateral of his clients. In case, excess cash-

equivalent collateral of the CM's own TM Proprietary account is not provided or is insufficient to offset the excess non-cash collateral of his clients, then the excess cash-equivalent collateral of the CM as in point 1 would be used. Example: CM: 1234; TM:1234

CM's aggregated CP Proprietary account

Allocation would be at CM's CP Proprietary level. This is an additional functionality for the CM to allocate his own collateral for all CP clients cleared by him on an aggregate basis. This allocation would be available only towards the excess non-cash collateral of CPs clearing directly through the CM. Excess cash-equivalent collateral of the CM's own CP Proprietary account would first be used to offset the excess non-cash collateral of his CPs. In case, excess cash-equivalent collateral of the CM's own CP Proprietary account is not provided or is insufficient to offset the excess non-cash collateral of his CPs, then the excess cash-equivalent collateral of the CM as in point 1 would be used.

Client account

This is applicable for clients of the CM in its capacity as a TM or for any clients of the other TM(s) clearing through the CM.

Example: CM: 1234; TM:1234; Client Code: ABC Or CM: 1234; TM:4370; Client Code: PQR

CP account

This is applicable for CPs directly clearing through the CM.

Example: CM: 1234; CP Code: XYZ

TM's Proprietary account

Allocation would be at TM Proprietary level.

Example: CM: 1234; TM: 4370.

* Point 2 and Point 3 are additional optional allocation levels provided by ICCL to enable the CM to ring-fence the CM's own client/CP trades from the trades executed by his other TMs.

- a. In case of allocation to CM Prop, values in TM Code, CP Code, Client Code will be blank
- b. In case of allocation to TM Prop, values in CP Code, Client Code will be blank
- c. In case of allocation to CP, values in TM Code, Client Code will be blank
- d. A response file will be provided to the CMs for the above collateral breakup on Member Extranet portal under folder 'Allocation Response File' for rejected records. The format of response file is provided below:

Format: CM Collateral Allocation Response file

File Nomenclature	Res_ICCLCOLL_CMCODE_ddmmyyyy_batchno
File type	CSV
Frequency	Immediate basis post matching of member allocation file vis a vis available collateral in Class Collateral system

Sr. No	Field Name	Data Type	Remarks
1	Current Date	Char (11)	DD-MMM-YYYY. Date shall be the current business date (file upload date)
2	Segment Indicator	Char (03)	*Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
3	Clearing Member Code	VarChar (5)	ICCL CM Code
4	Trading Member Code	VarChar (5)	TM Code
5	CP Code	VarChar (12)	CP Code
6	Client Code	VarChar (10)	UCC Code. Value should be Blank when CP code is populated, or Account type is 'P'
7	Account Type	Char (1)	P-prop, C-Client
8	Cash & Cash Equivalents Amount	Number (15,2)	Value in Rs. (Cash + FDR +BG)
9	Transfer to segment	Char (03)	Values shall be CM, FO, CD, CO, SLB, OFS, TPR, ITP, DT and NCB
10	Filler 1		Reserved for future
11	Filler 2		Reserved for future
12	Filler 3		Reserved for future
13	Filler 4		Reserved for future
14	Filler 5		Reserved for future
15	Action	Char (1)	Expected sample value: Allocated Collateral amount (A) Transfer (T)
16	Error code/Error reason	VarChar (50)	In case of rejection, appropriate error code/error reason to be displayed.

- 1) A report utility is provided in ICCL Collateral system to view the status of allocation file uploaded on the below path:
Reports-*Member Reports-* Collateral Allocation File Upload Status
- 2) In case of erroneous records, following Error codes with reasons will be provided for rejected entries in the field “Sr No. 16”:
 1. Invalid CM Code in File nomenclature (For Invalid CM code in file nomenclature, entire file would be rejected.)
 2. Invalid CM Code in respective field record (For Invalid CM code in respective field record, respective record would be rejected.)
 1. Invalid TM Code (For Invalid TM code respective record would be rejected.)
 2. Invalid segment indicator (Records pertaining to wrong segment would be rejected.)
 3. Invalid CP Code (For Invalid CP code respective record would be rejected.)
 4. Total Allocated amount is more than available collateral (entire file would be rejected)
 5. Negative values in amount field not accepted (Respective records would be rejected)
 6. Request Rejected due to non-availability of un-utilized collateral (Respective record would be rejected)
 7. File format error (Invalid date, Junk characters, Blank rows – entire file would be rejected)

2. Process for Collateral Allocation through API Facility - The New API is a JSON based API Request facilitating Collateral Management for the Members.

- i. Member registration for API access through the Web Application
- ii. Collateral API Authorization Structure Request and Response
- iii. Collateral Management API Structure Request and Response
- iv. The given API shall provide the following facilities:
 - a. Authentication / Session Creation APIs
 - b. Collateral Allocation (Allocation & Transfer)
 - c. Data validation error codes

3. MARGINS

The margin norms for the Currency Derivatives Segment would be as follows:

3.1 Initial Margin

a. Computation of Initial Margin

ICCL has adopted the Standard Portfolio Analysis of Risk (“SPAN”) methodology for the purpose of real time risk management.

The Initial Margin requirement is based on a worst scenario loss of a portfolio of an individual client comprising his positions in all the options and futures contracts across various scenarios of price and volatility changes. The Initial Margin requirements shall be set to provide coverage of at least a 99% single-tailed confidence interval of the estimated distribution of future exposure over a one-day time horizon.

The client-wise margins would be grossed across various clients at the Trading / Clearing Member level. The proprietary positions of the Trading / Clearing Member would be treated as that of a client (net basis).

The margins levied to members shall be levied and collected in INR.

b. Portfolio Based Margining - The parameters involved in a portfolio-based margining approach include-

c. Worst Scenario Loss - The worst-case loss of a portfolio is calculated by valuing the portfolio under several scenarios of changes in price and volatility. The scenarios to be used for this purpose would be:

Risk Scenario Number	Price Move in Multiples of Price Range	Volatility Move in Multiples of Volatility Range	Fraction of Loss to be Considered
1.	0	+1	100

2.	0	-1	100
3.	+1/3	+1	100
4.	+1/3	-1	100
5.	-1/3	+1	100
6.	-1/3	-1	100
7.	+2/3	+1	100
8.	+2/3	-1	100
9.	-2/3	+1	100
10.	-2/3	-1	100
11.	+1	+1	100
12.	+1	-1	100
13.	-1	+1	100
14.	-1	-1	100
15.	+2	0	35%
16.	-2	0	35%

The probable premium value at each price scan point for volatility up and volatility down scenarios is calculated and then compared to the theoretical premium value (based on last closing value of the underlying) to determine profit or loss.

The Black 1976 option pricing model is used for the purpose of calculation of probable/theoretical option values for all Interest Rate Options while the Black- Scholes option pricing model is used for the purpose of calculation of probable/theoretical option values for all Currency and Cross-Currency Options. The maximum loss under any of the scenario (considering only 35% of the loss in case of scenarios 15 and 16) is referred to as the Worst Scenario Loss.

d. Volatility

The standard deviation (volatility estimate) is computed using the Exponentially Weighted Moving Average method (“EWMA”).

The estimate at the end of time period t (σ_t) is estimated using the volatility estimate at the end of the previous time period. i.e., as at the end of $t-1$ time period (σ_{t-1}), and the return (r_t) observed in the futures market during the time period t .

The volatility estimated at the end of the day’s trading is used in calculating the initial margin calls at the end of the same day.

The formula is as under:

$$\sigma_t^2 = \lambda(\sigma_{t-1})^2 + (1 - \lambda)(r_t)^2$$

Where:

- > λ is a parameter which determines how rapidly volatility estimates changes.
The value of λ is currently fixed at 0.995.
- > σ (sigma) means the standard deviation of daily returns in the futures market.
- > r (return) is defined as the logarithmic return: $r_t = \ln (C_t/C_{t-1})$ where C_t is the price of the Currency Future at time t .

e. Volatility Scan Range

The Volatility Scan Range (“VSR”) is the amount by which the implied volatility is changed in each risk array scenario. The VSR is referred to in percentage terms.

The VSR for all Currency and Interest Rate Derivatives Contracts is derived as the maximum of:

- > 25% of annualized EWMA Volatility *and*
- > Minimum VSR%

Product	VSR Factor	Minimum VSR
Currency Contracts		
EURINR	25%	3%
EURUSD	25%	3%
GBPINR	25%	3%
GBPUSD	25%	3%
JPYINR	25%	3%
USDINR	25%	3%
USDJPY	25%	3%

Interest Rate Contracts		
Interest Rate	25%	3%

f. Price Scan Range

The Price Scan Range (“PSR”) is the probable price change over a one-day period. PSR would be specified by ICCL from time to time. The PSR is referred to in standard deviation/ sigma (σ) terms.

The PSR for all Currency and Interest Rate Derivatives Contracts (futures and options) is derived as the maximum of:

- > 6σ and
- > Minimum Percentage of Underlying Price.

Product	PSR	Minimum Initial Margin
Currency Contracts – Future and Option		
EURINR	6σ	2.15%
EURUSD	6σ	2.50%
GBPINR	6σ	2.25%
GBPUSD	6σ	2.50%
JPYINR	6σ	2.65%
USDINR	6G	1.50%
USDJPY	6G	2.50%
Interest Rate Contracts – Future and Option		
Interest Rate	6G	1.75%
91 Day T Bill	6G	0.065%
ONMIBOR	6G	5.50%

a. Initial Margin Requirement

The Initial Margin Requirement is computed as follows:

	Maximum of:		
	Scan Risk		

Initial Margin Requirement	=	Inter Commodity Credit	-	Net Option
		Intra Commodity Charge		
		Short Option Minimum		

i. Short Option Minimum Charge

There is no separate short option minimum charge apart from the margin parameters specified.

3.2 Calendar Spread Margin

ICCL provides calendar spread margin benefit wherein a position in one expiry is hedged by an offsetting position in a different maturity of the same underlying

The margin for options is calculated based on delta of the portfolio in each month. A portfolio consisting of a near month option with a delta of 100 and a far month option with a delta of -100 bears a spread charge equal to the spread charge for a portfolio which is long 100 near month futures and short 100 far month futures. Portfolio pertains to a portfolio consisting of futures and /or options contract on a particular underlying. Option positions of different expiry, irrespective of their strike prices, shall also attract calendar spread margin.

The benefit for a calendar spread continues till expiry of the near month contract. The calendar-spread margin shall be charged in addition to the worst-scenario loss of the portfolio.

Product	Less than or equal to 1 month	More than 1 month and Less than or equal to 2 months	More than 2 months and Less than or equal to 3 months	More than 4 months
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Currency Contracts				
EURINR	750	1050	1550	1550
EURUSD	1600	1900	2100	2200
GBPINR	1575	1875	2075	2075
GBPUSD	1600	1900	2100	2200
JPYINR	675	1075	1575	1575
USDINR	500	600	900	1100
USDJPY	1600	1900	2100	2200
Interest Rate Contracts				
Interest Rate	1700	2000	2300	3200
91 Day T Bill	110	160	210	260
ONMIBOR	7000	7500	8000	8000

ii. Net Option Value

The Net Option Value (“NOV”) is the current market value of the option times the number of options (positive for long options and negative for short options) in the portfolio. The Net Option Value would be added to the Liquid Net Worth of the clearing member i.e., the value of short options will be deducted from the liquid net worth and the value of long options will be added thereto.

Thus mark-to-market gains and losses on option positions are adjusted against the available liquid net worth of the Clearing Member. Since the options are premium style, there will be no mark-to-market settlement of profit or loss.

3.3 Extreme Loss Margin

Extreme Loss Margin is applicable on the gross notional value of the open positions in addition to the other margins on a real time basis. It shall be deducted from the liquid assets of the clearing member on an online, real-time basis.

Extreme Loss Margin is applicable only on futures and short option positions and is not applicable on long option positions.

The notional value is be computed using the latest futures price for futures contracts and last available closing price/reference rate of the underlying for the options contracts.

In case of calendar spread positions in futures contracts, extreme loss margin is levied on one third of the value of the open position of the far month futures contract.

The Extreme Loss Margin rates are as under:

Product	Extreme Loss Margin	
	Futures	Options
Currency Contracts		
EURINR	0.15%	0.75%
EURUSD	0.50%	0.50%
GBPINR	0.25%	0.75%
GBPUSD	0.50%	0.50%
JPYINR	0.35%	0.75%
USDINR	0.50%	0.75%
USDJPY	0.50%	0.50%

Interest Rate Contracts		
Interest Rate	0.25%	0.25%
91 Day T Bill	0.015%	NA
ONMIBOR	0.50%	NA

i. Margin on Consolidated Crystallized Obligation

a. Intraday Current Exposure Margin

Payable crystalized obligations based on the closed-out futures positions and payable/receivable premium at client level.

On intraday basis the net payable/receivable amount at client level shall be calculated using:

- Premium payable/receivable
- Futures crystallized Profit or Loss (calculated based on weighted average prices of trades executed).

If the overall amount at client level is payable, such amount shall be the intraday Current Exposure Margin (“CEM”) for the client.

CEM Example

Particulars	Premium Payable (+) /Receivable(-)	Crystallised Loss (+) /Profit (-)	Current Exposure Margin
Client 1	-20	-90	0
Client 2	50	30	80
Client 3	0	0	0
Client 4	-30	80	50
Client 5	30	-80	0
Client 6	-100	80	0
Client 7	100	-80	20

b. End – of - day basis - Payable obligations at client level considering all futures and options positions. At the end of day, the payable/receivable amount at client level will be calculated using:

- Futures mark to market profit/loss to be settled
- Options premium payable/receivable
- Options exercise/assignment for expired contracts
- Futures final settlement for expired contracts

If the overall amount at client level is payable, such amount will be the end -of-day consolidated crystallized obligation margin for the client. The margin on consolidated

crystallized obligations will replace the net buy premium, intraday crystallized losses, assignment margin and futures final settlement margin levied currently. The margin on consolidated crystallized obligations will be released on completion of settlement.

ii. Updation of risk parameters

The ICCL SPAN risk parameters shall be updated at:

- Beginning-of-Day
- 11:00 a.m.
- 12:30 p.m.
- 02:00 p.m.
- 03:30 p.m.
- 05:00 p.m.
- 06:30 p.m.
- Interim Risk File (5.00 p.m. – 8.00 p.m.)
- End-of-Day

iii. Risk Reduction Mode

The entry and exit threshold for the Risk Reduction Mode (“RRM”) is detailed below:

- **Clearing Members:** Put in RRM at 90% collateral utilization & moved back to normal mode when utilization goes below 85%.
- **Trading Members:** Put on RRM at 90% utilization of trading limit assigned by their Clearing Members & moved back to normal mode when limit utilization goes below 85%.

iv. Assignment Margin

Assignment Margin shall be levied on assigned positions of the clearing members towards exercise settlement obligations for option contracts. For option positions exercised, the seller of the options shall be levied assignment margins which shall be 100% of the net exercise settlement value payable by a clearing member towards exercise settlement. Assignment margin shall be levied till the completion of pay-in towards the exercise

settlement. Assignment margins shall be computed as net of assignment settlement and futures final settlement.

v. Imposition of Additional Margins

As a risk containment measure, ICCL may require clearing members to pay additional margins as may be decided from time to time. This shall be in addition to the margins, which are or may have been imposed from time to time.

vi. Enforcement and Collection of Margins

Aforesaid margins are computed at a client level portfolio and grossed across all clients (including the proprietary positions of member) at the member level. Margins are collected/adjusted upfront from the liquid assets of the Clearing Members on an on-line real time basis.

Members are required to collect initial margins, extreme loss margins, calendar spread margins and mark to market settlements and report details of such margins collected from their client/constituents to ICCL.

vii. Mode of payment of Margin

Clearing members shall provide for margin in any one or more of the eligible collateral modes as specified by ICCL. The margins shall be collected/adjusted from the liquid assets of the member on a real time basis.

viii. Settlement of Premium

Premium would be settled in INR and would be paid in by the buyer in cash and paid out to the seller in cash on T+1 day. Until the buyer pays in the premium, the premium due shall be deducted from the available liquid assets on a real time basis. For arriving at the settlement value in INR for EURUSD and GBPUSD contracts, the latest available RBI reference rate for USDINR shall be used. For USDJPY contracts, the settlement value in

INR shall be arrived at using the latest available exchange rate published by RBI for JPYINR.

ix. Mark to market settlement

The mark to market gains and losses shall be settled in cash before the start of trading on T+1 day. If mark to market obligations are not collected before start of the next day's trading, ICCL collects correspondingly higher initial margin to cover the potential for losses over the time elapsed in the collection of margins.

The daily closing price of currency futures contract for mark to market settlement would be calculated based on the last half an hour weighted average price of the futures contract. In the absence of trading in the last half an hour the theoretical price would be taken.

The Mark to Market settlement for Cross-Currency derivative contracts will be based on the following formula:

$$(C2 - C1) \times R2,$$

Where **C2** is closing price of cross-currency derivative contract on T Day, **C1** is closing price of cross-currency derivative contract on (T - 1) day, **R2** is USD-INR reference rate on T day.

3. Penalty For Position Limit Violation in Currency Derivative Segment¹:

In case of any violation in open position limits beyond the specified limits at any level (member level, financial institution level, client level, etc), then penalty shall be levied on a monthly basis based on slabs as mentioned below or such other amount as specified by the Clearing Corporation from time to time.

a. *Penalty structure for FPI /Mutual Fund/ Trading member level position limit violation in Currency Derivatives:*

Instances of Violations in a calendar Month	Penalty to be levied
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¹ <https://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20230106-56>

1st instance	No penalty
2nd to 5th instance of violation	Rs.5,000/- per instance from 2nd to 5th instance
6th to 10th instance of violation	Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance
11th instance onwards	Rs.70,000/- (for 2nd to 10th instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

b. *Penalty structure for Client level position limit violation in Currency derivatives:*

When the open position of any client in Currency pair/ Interest Rate Derivative, exceeds the specified limit at the end of the day the same shall be treated as a violation.

In the event of violation, a penalty of Rs. 5,000/- per violation / per client shall be levied to the Clearing members for every day of violation.

The above penalties shall be collected from the clearing member of the respective trading member and client. The concerned Clearing / Trading member may in turn recover such amount of penalty from the concerned clients who committed the violation and became liable, therefore.

c. **Penalty Charges for violation of Trading Limits²:**

With reference to the (ICCL) notice no. 20180326-42 dated March 26,2018, member participants are hereby informed to adhere to the penalty for limit violation norms on monthly basis as per following slabs for Currency Derivative Segment:

Description	Instances of Trading Limit violations in a calendar month	Penalty
For violation of trading limits (assigned by Clearing member) to trading member.	1st instance	0.07% per day
	2nd to 5th instance of disablement	Trading limit violation upto Rs. 1 crore = 0.07% per day + Rs. 1,000/- per instance from 2nd to 5th instance. Trading limit violation above Rs. 1 crore = 0.07% per day + Rs.5,000/- per instance from 2nd to 5th instance
	6th to 10th instance of disablement	Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs. 4,000/- (for 2nd to 5th instance) + Rs.2,000/- per instance from 6th to 10th instance. Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance
	11th instance onwards	Trading limit violation upto Rs. 1 Crore = 0.07% per day + Rs.24,000/- (for 2nd to 10th instance) + Rs.2,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action. Trading limit violation above Rs. 1 Crore = 0.07% per day + Rs.70,000/- (for 2nd to 10th instance) + Rs.10,000/- per instance from 11th instance onwards. Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

² <https://www.icclindia.com/DynamicPages/DispNoticesNCirculars.aspx?page=20180326-42>

4. CLEARING & SETTLEMENT

The Clearing & Settlement of trades executed on the Currency Derivatives Segment of BSE Ltd. are cleared and settled through Indian Clearing Corporation Ltd. (ICCL) as per the guidelines issued by Securities and Exchange Board of India (SEBI) and as per the provisions of Rules, Bye-Laws and Regulations of ICCL and BSE as well as any other circulars/guidelines that may be issued in respect of the same from time to time.

The Clearing and Settlement shall be done on a multilateral netting basis as per the settlement obligations of the respective clearing members. The Clearing Members shall be responsible for all obligations, inter alia, including the payment of margins, penalties, any other levies and settlement of obligations of the trades entered by them as trading members and also of those trading members and custodial participants, if any, for whom they have undertaken to settle as a Clearing Member.

As a set process all obligations in respect of trades entered by trading members will be transferred to the respective Clearing Members who have undertaken to settle as Clearing Members for them.

Give-up/Take-up facility

Members can give-up trades pertaining to their Custodial Participant clients who want to settle their trades through other Clearing Members. The Clearing Members of the custodial participants need to confirm such trades to take-up the positions for settlement. Such trades shall be confirmed by the Clearing Members in such manner, within such time and through such facility as may be provided to Clearing Members from time to time by the Exchange/ICCL. The trades which have been confirmed by Clearing Members shall form part of the obligations of concerned Clearing Members and such Clearing Members shall be responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations. In case of trades which have not been confirmed by Clearing Members of the Custodial Participants shall be considered as trades pertaining to the Trading Members entering such trades and shall form a part of the obligations of Clearing Members, who clear and settle for such Trading Members.

ICCL has provided the facility for setting take-up limits at Custodial Participant Code (CP Code) level and for on-line, real time auto take-up/confirmation of trades. The said facility is available in the Real Time Risk Management System (RTRMS) module.

The salient features of the said facilities in the RTRMS module are as follows:-

- CP - Clearing Members can select the option on RTRMS screen to activate their respective CP code/s for the facility of auto take-up/confirmation of trades till 5.00 pm on any working day. Such selected CP Codes will get activated for auto take-up/confirmation on the next trading day.
- Default value of the set limit for all mapped CP Codes (auto-take up as well as manual take-up mode) would be zero (0) in RTRMS. For taking up of trades up to the assigned

limit, the CP-Clearing Members would be required to set specific CP Code limit or select the option of ‘unlimited’ for taking-up position without any set limit.

- **Auto Take-up process**

Through the CP Code limit setting window in RTRMS, CP-Clearing Members can set limit for auto take-up of trades for each of their mapped CP Code. Accordingly, the system would accept trades for auto confirmation up to the set limit in respect of the activated CP Codes. On reaching the set limit of margin utilisation, the pending trades under such CP code would get transferred to manual take-up mode and trading limits/margin deposits of the Trading Member/Clearing Member (mapped with the Trading Member) would get utilised as per the existing process. CP-Clearing Members can on-line enhance the limit for such CP Code for re-activating the auto take-up function for the respective CP Code. However, enhanced limit would be applicable for trades received by RTRMS after enhancement of such limit. The trades transferred to manual confirmation mode as mentioned above would be required to be taken-up manually by the CP-Clearing Members.

The trades of CP Code in auto confirmation mode would automatically get transferred under the concerned CP-Clearing Member in RTRMS module without any manual intervention subject to the abovementioned conditions.

- **Manual Take-up process**

The process for manual take-up would remain unchanged except for setting CP Code Limit as explained above.

Once the confirmed trades appear under the CP-Clearing Member, all types of margins pertaining to such trades will be utilised from the collateral deposits of the concerned CP-Clearing Member on an on-line, real time basis. However, if such CP-Clearing Member confirming (taking-up) the trades do not have sufficient un-utilised collateral, then such trades will not get confirmed and margins of the Clearing Member (mapped with the Trading member) would be utilised.

4.1. Settlement Schedule

The Settlement Schedule for Currency Derivatives Segment shall be as under

Settlement Period

The pay-in and pay-out of daily mark to market settlements, premium settlement, final settlement of futures contracts and final exercise settlements of options contracts would be effected in accordance with the settlement schedule issued by ICCL periodically. The Clearing Members should maintain clear balance of funds in their settlement account with their designated Clearing Bank towards their funds pay-in obligation at the scheduled pay-in time on the settlement day.

The pay-out of funds will be credited to the receiving Clearing member's settlement account with their designated Clearing Bank.

Daily settlement

The daily mark-to-market settlement and premium settlement of currency derivatives contracts would be cash settled on T+1 day basis as per the timelines specified by ICCL.

Final settlement in currency futures and options

The final settlement of currency futures and options contracts shall be effected on T+2 day basis as per the timelines specified by ICCL. The final settlement date shall be T+2 day from the last trading day of the contract as specified by the Exchange.

Final settlement in futures on 91 Day GOI T-Bills and Cash settled Interest Rate Futures on 6/10/13 year G-Sec

The final settlement of futures on 91 Day GOI T-bill and Cash settled Interest Rate Futures contracts on 6/10/13 year G-Sec shall be effected on T+1 day basis. The final settlement date shall be T+1 day from the last trading day of the contract as specified by the Exchange, as per the timelines specified by ICCL.

4.2. Settlement Price

Settlement price for settlement of contracts in the Currency Derivatives segment are specified as under

Daily Settlement Price for mark to market settlement of currency futures contracts

The Daily settlement price for futures contracts shall be the closing price of such contracts on the trading day. The closing price for a futures contract shall be calculated on the basis of the last half an hour weighted average price of such contract or such other price as may be decided by the relevant authority from time to time. The theoretical daily settlement price for unexpired futures contracts, which are not traded during the last half an hour on a day, shall be the price computed as per the prescribed formula.

Final Settlement Price of Currency futures contracts and Final Exercise Settlement Price of Currency Options contracts

In case of USD-INR and EUR-INR, final settlement price for a futures contract and final exercise settlement price for option contracts shall be the Reserve Bank Reference Rate on the last trading day of such contract. In case of GBP-INR and JPY-INR, final settlement price for a futures contract shall be Exchange rate published by the Reserve Bank in its Press Release captioned RBI Reference Rate for US\$ and EURO or as may be specified by ICCL from time to time.

Daily Settlement Price for Cross-currency futures & options contracts

The daily settlement price of cross-currency derivatives contracts shall be the last half an hour volume weighted average price of the contract.

In the absence of last half an hour trading, the daily settlement price shall be the theoretical price as calculated by the stock exchange. Stock exchanges shall be required to disclose the model / methodology used for arriving at the theoretical price.

For arriving at the settlement value in INR for EUR-USD and GBP-USD contracts, the latest available RBI reference rate for USD-INR shall be used. For USD-JPY contracts, the settlement value in INR shall be arrived at using the latest available exchange rate published by RBI for JPY-INR.

Final Settlement Price for Cross-currency futures & options contracts

The final settlement price of the cross-currency derivatives contracts shall be computed using the RBI reference rate for USD-INR and the corresponding exchange rate published by RBI for EUR-INR, GBP-INR and JPY-INR, as applicable, on the last trading day of the contract.

For arriving at the final settlement value in INR for EUR-USD and GBP-USD contracts, the RBI reference rate for USD-INR on the last trading day of the contract shall be used. For USD-JPY contracts, the final settlement value in INR shall be arrived at using the exchange rate published by RBI for JPY-INR on the last trading day of the contract.

Daily Settlement Price for mark to market settlement of futures contracts on 91 Day GOI T-bills

All the open positions in futures on 91 day GOI T-bills shall be marked to market on the Daily Settlement Price. The daily settlement price would be determined in the following manner:

$$100 - 0.25 * Y_w$$

Where Y_w (futures yield) shall be volume weighted average futures yield of traded futures contracts in the last 30 minutes of trading subject to there being at least 5 trades. Failing which, trades during the last 60 minutes shall be used for the calculation, subject to at least 5 trades. Failing which, trades during the last 120 minutes shall be used for the calculation, subject to at least 5 trades.

If the daily contract settlement value cannot be calculated as above, a theoretical futures yield would be used for computation.

Final settlement price of futures contracts on 91 Day GOI T-bills

The final settlement price would be determined in the following manner: $\text{Rs } 100 - 0.25 * Y_f$

Where Y_f is weighted average discount, yield obtained from RBI's weekly auction of 91-day GOI T-Bill on the day of expiry.

Contract Value for futures on 91 Day GOI T-bills

The contract value would be determined in the following manner: $\text{Rs. } 2000 * (100 - 0.25 * y)$

Where y is the futures discount yield. For example, for a futures discount yield of 6%, the contract value would be $2000 * (100 - 0.25 * 6) = \text{Rs } 1,97,000$

Daily Contract Settlement Value for futures on 91 Day GOI T-bills

The daily contract settlement value would be determined in the following manner:

$\text{Rs. } 2000 * \text{daily settlement price}$

Final Contract Settlement Value for futures on 91 Day GOI T-bills

All open positions of clearing members in expiring month futures contract shall be settled in cash and final settlement shall be conducted on expiry plus one working day. The final contract settlement value would be determined in the following manner:

$\text{Rs. } 2000 * \text{final settlement price}$

Daily Settlement Price for mark to market settlement of Cash settled Interest Rate Futures on 10 year G-Sec

Daily settlement price (DSP) shall be the closing price of such contracts on the trading day. The closing price for a futures contract shall be calculated on the basis of the last half an hour weighted average price of such contract or such other price as may be decided by the relevant authority from time to time. In the absence of last half an hour trading, theoretical daily settlement price of the contract shall be used for settlement.

Final Settlement Price for Cash settled Interest Rate Futures on 6 / 10 / 13 year G-Secs

The final settlement price is the weighted average price of the underlying bond based on the prices during the last two hours of trading on NDS-OM, subject to a minimum of 5 trades during that period.

If less than 5 trades are executed in the underlying bond during the last two hours of trading on NDS-OM, then FIMMDA price shall be used as final contract settlement price. In case FIMMDA price is not available, the price for settlement shall be as decided by ICCL from time to time.

Contract Value for Cash settled Interest Rate Futures on 6 / 10 / 13 year G-Sec

The contract value shall be determined as 2000 multiplied by the price

Daily Contract Settlement Value for Cash settled Interest Rate Futures on 6 / 10 / 13 year G-Sec

The daily contract settlement value shall be determined as 2000 multiplied by daily settlement price of Interest Rate Futures contract.

Final Contract Settlement Value for Cash settled Interest Rate Futures on 6 / 10 / 13 year G-Sec

The final contract settlement value shall be determined as 2000 multiplied by final settlement price of cash settled Interest rate futures on 6 / 10 / 13 year G-Secs respectively.

4.3. Settlement Process

The settlement process in Currency Derivatives segment shall be as under

The settlement of contracts in Currency Derivatives Segment would be cash settled in Indian Rupees.

The daily mark-to-market settlement and premium settlement of currency derivatives Segment would be cash settled on T+1 day basis as per the timelines specified by ICCL.

The final settlement of currency derivatives contracts would be effected as per the settlement schedule and as per the timelines specified by ICCL from time to time. In case of option contracts, on expiry date, all open long in-the-money contracts shall be automatically exercised/assigned.

The pay-in and pay-out of daily mark to market settlements and final settlement would be effected in accordance with the settlement schedule issued by ICCL periodically through the clearing accounts of Clearing Members with the designated Clearing Bank. The members should maintain clear balance of funds in their settlement account with their designated clearing bank towards their

funds pay-in obligation at the scheduled pay-in time on the settlement day.

4.4. Clearing Bank

Every clearing member shall maintain a settlement account for the Currency Derivatives Segment with any one of the designated Clearing Banks. The settlement account shall be used exclusively for clearing and Settlement operations i.e., for settling funds obligations, payment of margins, penal charges, etc. as may be specified by ICCL from time to time. The list of Clearing Banks currently available for settlement is provided in Annexure – XII.

Operation of settlement Account

Clearing members shall irrevocably authorise their designated clearing bank to access their settlement accounts for debiting and crediting their settlement accounts as per the instructions of ICCL, reporting of balances and other information as may be required by ICCL from time to time.

Clearing Members shall maintain clear balance of funds in their settlement account with their designated clearing bank towards their funds obligation/s to ICCL.

Clearing members shall not seek to close or de-activate the settlement accounts without the prior written consent of ICCL.

The Clearing Banks shall debit/credit the settlement accounts of Clearing Members as per instructions received by them from ICCL from time to time. Any request from the Clearing Members for revoking the authorisation furnished by them shall not be considered by the Clearing Banks. The Clearing Banks shall not close the settlement accounts or permit deactivation of the same without the prior written consent of ICCL.

Procedure for change in designated Clearing Bank

In case a Clearing Member wishes to shift their settlement account from one designated Clearing Bank to another, the following procedure shall be followed:

1. The Clearing Member shall submit their request letters (on their letterhead) of their intent to shift their settlement account from one designated Clearing Bank to another, to ICCL as per the format enclosed as [\(Annexure – II\)](#).
2. No Objection Certificate (NOC) from the existing Clearing Bank (format enclosed as [\(Annexure-III\)](#)).
3. Letter from the new clearing bank confirming the settlement account number and the client account number of the member (in the format enclosed as [\(Annexure-IV\)](#)).
4. Copy of Authorisation Letter addressed to new clearing bank ((in the format enclosed as [\(Annexure-V\)](#)).

4.5. SETTLEMENT OBLIGATIONS

4.5.1. Settlement of Admitted Deals

Deals executed on the Currency Derivatives segment, shall be cleared on a netted basis, by ICCL.

It shall be the responsibility of the clearing members with regard to all the obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations of the trades entered by them as trading members and also of those trading members and custodial participants, if any, for whom they have undertaken to settle as a clearing member.

Where the clearing member is not a trading member of BSE then the trades of those trading members and custodial participants of BSE for whom the clearing member has undertaken to settle shall be considered for determining the obligations as a clearing member.

4.5.2. Custodial Participant

Custodial participants are those constituents who are eligible for trading through trading members and who clear and settle deals through clearing members. Such custodial participants shall register themselves with ICCL through their clearing members.

Confirmation of trades entered by custodial participants

Clearing members of the custodial participants shall confirm trades entered into on behalf of the custodial participants. Such trades shall be confirmed by the clearing members in such manner, within such time and through such facility as may be provided to clearing members from time to time. Such confirmation shall be carried out within such time as may be specified by BSE/ICCL from time to time where such trades have been entered. All such trades which have been confirmed by clearing members shall form part of the obligations of clearing members concerned and such clearing members shall be responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of obligations. Trades which have not been confirmed by clearing members of the custodial participants shall be considered as trades pertaining to the trading members entering such trades and shall form a part of the obligations of clearing members, who clear and settle for such trading members.

4.6. SETTLEMENT PROCEDURE

4.6.1. Daily mark to market settlement of futures contract

Daily mark to market settlement in respect of deals in Currency futures, Cash settled Interest Rate Futures on 6/10/13 year G-Sec and futures on 91 Day GOI T-bill contracts shall be by debit/ credit of the clearing accounts of clearing members with the respective clearing bank.

At the close of trading hours on a day, all positions (brought forward, created during the day,

closed out during the day) of a clearing member in futures contracts, shall be marked to market at the daily settlement price (for daily mark to market settlement) and settled.

4.6.2. Daily premium settlement of currency options contracts

Premium settlement shall be netted with daily mark to market settlement of currency futures, Cash settled Interest Rate Futures on 6/10/13 year G-Sec and futures contracts of 91 Day GOI T-bills and the daily premium settlement shall be effected on T+1 day as per the timelines specified by ICCL.

Settlement of Premium for Cross Currency Futures & Options Contracts

Premium would be settled in INR and would be paid in by the buyer in cash and paid out

to the seller in cash on T+1 day. Until the buyer pays in the premium, the premium due shall be deducted from the available liquid assets on a real time basis.

For arriving at the settlement value in INR for EUR-USD and GBP-USD contracts, the latest available RBI reference rate for USD-INR shall be used. For USD-JPY contracts, the settlement value in INR shall be arrived at using the latest available exchange rate published by RBI for JPY-INR.

Settlement of Premium for Options on EUR-INR, GBP-INR and JPY-INR Spot Rate

Premium would be paid in by the buyer in cash and paid out to the seller in cash on T+1 day. Until the buyer pays in the premium, the premium due shall be deducted from the available liquid assets on a real time basis.

Final settlement of currency futures contract

At the close of trading hours on the last trading day, all positions (brought forward, created during the day, closed out during the day) of a clearing member in currency futures contracts, shall be marked to market at final settlement price (for final settlement) and settled in cash on T+2 day by debit/ credit of the clearing accounts of clearing members with the respective clearing bank.

Final Exercised settlement of currency options contract

On Expiry date, all open long in-the-money contracts shall be automatically exercised at the final settlement price and assigned on random basis to the open short position of the same strike and series. Exercise settlement shall be effected on last working day (excluding Saturdays) of the contract month and the last working day shall be taken to be the same as that for Interbank Settlements in Mumbai.

Exercise settlement in respect of deals in option contracts shall be cash settled by debit/ credit of

the clearing accounts of the relevant clearing members with the respective clearing bank on T+2 day. Option contracts, which have been exercised, shall be assigned and allocated to clearing members at the client level. Open positions in an option contracts shall cease to exist after its expiration day.

Final settlement for futures contract on cash settled Interest Rate Futures on 6/10/13 year G-Sec:

All open positions of a clearing member in futures contracts, at the close of trading hours on the last trading day of the contract, shall be settled in cash at final settlement price.

Open positions in a futures contract shall cease to exist after its expiration day.

Final settlement of futures contracts on 91 Day GOI T-Bills

All positions (brought forward, created during the day, closed out during the day) of a clearing member in futures contracts on 91 Day GOI T-Bills, at the close of trading hours on the last trading day, shall be marked to market at final settlement price (for final settlement) and settled in cash on T+1 day by debit/ credit of the clearing accounts of clearing members with the respective clearing bank.

5. CLIENT MARGIN REPORTING

Client Margin Reporting

Clearing/Trading members are required to collect margins (initial margin and extreme loss margin) from their client/constituents on an upfront basis and it is mandatory for all clearing /trading members to report details of such margins collected to the Clearing Corporation as per the formats specified hereunder or as may be specified by the Clearing Corporation from time to time.

1. Detailed margin file for trading member (MGTM)

Naming Convention	BFX_MGTM_<MEMBER CODE>_DDMMYYYY.CSV
File Path	Extranet
File Format	comma separated file format (CSV)

Sr.No.	Field Name	Remarks	Data type
1	Trade date	Format DD-MM-YY	Char (8)

2	Client Code	Client ID	Char (10)
3	Initial margin/SPAN Margin	This field will contain the Initial Margin/SPAN Margin	Numeric (22,2)
4	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
5	Extreme Loss Margin/Exposure Margin	This field will contain the Exposure Margin	Numeric (22,2)
6	Consolidated crystallized obligation margin	Payable Margin on consolidated crystallized obligation	Numeric (22,2)
7	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
8	Peak Margin Amount	Peak of Intra-day margin to be collected	Numeric (22,2)
9	Total Margin Payable	Total Margin Payable (Sr.No 3+5+6)	Numeric (22,2)
10	Account Type	P- Proprietary, C- Client	Char (1)

2. Detailed margin file for clearing member (MGCM)

Naming Convention	BFX_MGCM_<MEMBER CODE>_DDMMYYYY.CSV
File Path	Extranet
File Format	comma separated file format (CSV)

Sr.No.	Field Name	Remarks	Data type
1	Trade date	Format DD-MM-YY	Char (8)
2	Trading member /Custodial participant code	Client ID	Char (10)
3	Initial margin/SPAN Margin	This field will contain the Initial Margin/SPAN Margin	Numeric (22,2)
4	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
5	Extreme Loss Margin/Exposure Margin	This field will contain the Exposure Margin	Numeric (22,2)
6	Consolidated crystallized obligation margin	Payable Margin on consolidated crystallized obligation	Numeric (22,2)
7	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
8	Peak Margin Amount	Peak of Intra-day margin to be collected	Numeric (22,2)
9	Total Margin Payable	Total Margin Payable (Sr.No 3+5+6)	Numeric (22,2)
10	Account Type	P- Proprietary, C- Client	Char (1)

3. Margin Response File:

BFX_MGRCM_<MemberCode>_<.yyyymmdd>.CSV

BFX_MGRTM_<MemberCode>_<.yyyymmdd>.CSV

Sr. No	Field Name	Remarks	Data type
1	Trade date	Format DD MMM YYYY	Char (11)
2	Trading member /Custodial participant code/Client Code	In case of Margin File for Clearing Member, this field will contain the Trading Member ID / Custodial Participant Code. In case of Margin File for Trading Member, this field will contain the Client Codes under which transactions have been done.	Char (12)
3	Initial margin/SPAN Margin	This field will contain the Initial Margin/SPAN Margin	Numeric (22,2)
4	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
5	Extreme Loss Margin/Exposure Margin	This field will contain the Exposure Margin	Numeric (22,2)
6	Consolidated crystallized obligation margin	Payable Margin on consolidated crystallized obligation	Numeric (22,2)
7	Filler	Reserved for future use & any value in the same shall be ignored	Numeric (22,2)
8	Peak Margin Amount	Peak of Intra-day margin to be collected	Numeric (22,2)
9	Total Margin Amount	Total Margin Payable (Sr.No 3+5+6)	Numeric (22,2)
10	Account Type	In case of Clearing Member File : 'T' for Trading Member/ 'I' for Institutional accepted trades &	Char (1)
11	Margin File Uploaded DateTime	Date & Time of margin file uploaded into the exchange system. (Ex: 16 NOV 2011 15:01:52:350)	Char (24)
12	EOD Total Margin Reported by Member	Margin reported by Member	Numeric (22,2)
13	Peak Margin Reported by Member	Margin reported by Member	Numeric (22,2)
14	Margin Shortage	Higher of the margin shortage amount in respect of EOD Margin collected or Peak margin collected	Numeric (22,2)

15	Penalty Code	If any Margin shortage then apply penalty category. (A, B & C)	Char (1)
16	Penalty Amount	If any Margin shortage then applied penalty as given by SEBI.	Numeric (22,2)

Statement of account of settlement & client margin

Clearing / trading members are required to collect upfront margins from their respective trading members/constituents. Every clearing /trading member is required to send a complete statement of account for settlements and margins as reported in the client margin files submitted to the Clearing Corporation in respect of trading member/constituents.

5. Annexure

Annexure – I

List of Clearing Banks

S. No.	List of designated Clearing Banks
1	Axis Bank Limited
2	Bank Of Baroda
3	Bank Of India
4	Canara Bank
5	Central Bank of India
6	Citibank N.A.
7	Corporation Bank
8	Deutsche Bank AG
9	HDFC Bank Limited
10	Hongkong and Shanghai Banking Corporation Limited
11	ICICI Bank Limited
12	IDBI Bank Limited
13	Indian Overseas Bank
14	IndusInd Bank Limited
15	Kotak Mahindra Bank Limited
16	Punjab National Bank
17	Standard Chartered Bank
18	State Bank of India
19	Union Bank of India
20	Yes Bank Limited

Annexure – II

Format of member's request letter for change of Designated Bank

Date

Manager,
Clearing & Settlement Dept.
Indian Clearing Corporation Ltd. (ICCL)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

Re: Change of Designated Bank for Clearing & Settlement Purpose

I/We _____ Clg.No. _____ is/ are having A/c. No. _____ with _____ Bank for margins /clearing & settlement obligations of ICCL – BSE Equity Derivatives Segment. I/We wish to shift my / our designated bank from _____ to _____ bank.

Our Account No. _____ with _____ bank is _____ and we wish to designate the same for Clearing & Settlement purpose including margin payments for ICCL – BSE Equity Derivatives Segment.

I/We agree that the operations in the abovementioned account would start only after receiving intimation regarding the same from ICCL.

You are requested to please do the needful.

Signature & Stamp of the Member(s) / Director(s)

Annexure III

(To be issued by the existing Clearing Bank on its letterhead)

Date:

NO OBJECTION CERTIFICATE

We, _____, as a Clearing Bank to Indian Clearing Corporation Limited, have been providing the clearing services to _____ (name of the Member), a member of ICCL.

The said Member desires to appoint other Bank as their Clearing Bank and has requested us to close his settlement account and client account with us.

We hereby inform that we do not have any objection in the said member appointing other Clearing Bank for the purpose.

The settlement account number of the said member is _____
(Settlement account no.) and client account number is _____
(client account no.). These said accounts will be closed on receipt of a request of the member on its opening settlement and client accounts with other Clearing Bank.

For and on behalf of the (name of the Bank)

Authorised Signatory
(Affix bank seal/stamp)

Annexure IV

(To be issued by the new Clearing Bank on its letterhead)

Date:

The Clearing & Settlement Department
Indian Clearing Corporation Limited.
15TH Floor, P J Towers,
Dalal Street,
Mumbai -400001, India.

Dear Sir,

Settlement and Client accounts of _____ (name of the member) with
Clearing Member ID - _____.

Date:

This is to inform you that we are one of the Clearing Banks of ICCL and that one of the members of ICCL, _____ (name of the member of ICCL) has appointed us as their Clearing Bankers.

We hereby confirm having opened the following accounts of the said member:

SETTLEMENT ACCOUNT	(ACCOUNT NO.)
CLIENT ACCOUNT	(ACCOUNT NO.)

We further confirm that the above-mentioned accounts are active for ICCL operations on the date of issue of this letter.

For and on behalf of the (name of the Bank)

Authorised Signatory
(Affix bank seal/stamp)

Annexure - V
(On the letter head of the member)

Date:

From:
Clearing Member Name
Address:

To
Name of Clearing Bank
Address:

Dear Sir/ Madam

Sub: Operation of Clearing Bank for Indian Clearing Corporation of Limited (ICCL) with effect from the date of account opening in _____(Segment)

Ref: Our Clearing Bank Account no. _____with _____ (Name of Bank) _____(Address), With reference to above we note that:

1. ICCL to undertake Clearing and Settlement activity for its Clearing Members. ICCL has established a system whereby its Clearing Members will be able to undertake the Clearing and Settlement of deals admitted.
2. The bank has been nominated/appointed as Clearing Bank for the purpose of Clearing and Settlement by ICCL.
3. As per the Bylaws, Rules and Regulation of ICCL, the Clearing Member shall authorize the Clearing Bank to access their clearing account for debiting and crediting their accounts as per the instruction received from ICCL from time to time.
4. Having due regard to the above, we hereby irrevocably authorize the Clearing Bank to debit and credit our above-mentioned account number from time to time. Further, we authorize the Clearing Bank to report balance and other information relating to this account to ICCL/ as may be required by ICCL from time to time. This irrevocable undertaking will be effective from the date of commencement of our operations with ICCL.
5. We further hereby undertake to abide by such other or further guidelines / instructions as may be communication / decided by ICCL from time to time.

Yours faithfully,

For (Name of Clearing Member)
Authorized Signatories