

# **CLEARCORP DEALINGS SYSTEMS (INDIA) LIMITED**

## **FX-SWAP (DEALING) SEGMENT REGULATIONS**

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**As on January 28, 2014**

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## CHAPTER I: INTRODUCTION

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These regulations shall hereafter be known as Clearcorp Dealing Systems (India) Limited [FX-SWAP (Dealing) Segment] Regulations, 2008.

**Applicability:** These Regulations shall be applicable to all Members admitted to the FX-SWAP (Dealing) Segment of Clearcorp Dealing Systems (India) Limited.

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## **CHAPTER II: MEMBERSHIP**

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### **2.1 Application for Membership**

- 2.1.1 An existing Member of Forex Settlement Segment of Clearing Corporation seeking membership to Clearcorp's FX-SWAP Dealing Segment may approach Clearcorp to be admitted as a Member;
- 2.1.2 Such entity shall submit an application in the prescribed format to Clearcorp, which shall be complete in all respects together with all enclosures, as required to be submitted in terms of the application form;
- 2.1.3 The application form shall be submitted along with the fees, if any prescribed by Clearcorp for Membership to its FX-SWAP Dealing Segment;

### **2.2 Processing of Applications**

- 2.2.1 Every such application received in terms of sub-clause 2.1.2 and 2.1.3 above shall be forwarded by Clearcorp to the Managing Director (MD)/Membership Approval Committee (MAC) for consideration;
- 2.2.2 Clarifications and/or additional information sought by MD/MAC shall be conveyed to the concerned applicant. Such applications shall be processed further only upon receipt of complete particulars called for by MD / MAC;

- 2.2.3 Mere submission of completed application forms and/or additional information sought by MD/MAC does not by itself confer any privilege on any applicant to claim grant of Membership to the FX-SWAP (Dealing) Segment;
- 2.2.4 Upon receipt of approval from MD/MAC, Clearcorp shall communicate such approval to the applicant with a request to complete other formalities as required for admission;
- 2.2.5 Every applicant upon receipt of approval for Membership shall execute required documentation in such form and manner as may be prescribed by Clearcorp.
- 2.2.6 A Member can commence operations in Clearcorp FX-SWAP (Dealing) Segment only upon activation of its Membership, which shall be subject to completion of such formalities as may be stipulated by Clearing Corporation/Clearcorp in its various communications to the Member, as part of its admission process.

## **2.3 Membership ID**

- 2.3.1 Every applicant, upon admission as a Member to Clearcorp's FX-SWAP Dealing Segment, shall be allotted a Member Number and User Number/ID. The said Member Number and the User Number/ID so allotted would be unique with their usage restricted to the FX-SWAP Dealing Segment of Clearcorp;
- 2.3.2 Every Member shall incorporate the Member Number in all its communications to Clearcorp;
- 2.3.3 Non-incorporation of Member Number as may be required by Clearcorp as part of its operations shall absolve Clearcorp of all liabilities or consequences of non-action by Clearcorp;

- 2.3.4 A Member shall ensure that use of its Member Number and User Number/ID is restricted to its authorized personnel only;
- 2.3.5 Clearcorp does not recognize as parties to any deal, persons other than the Members of the FX-SWAP (Dealing) Segment;
- 2.3.6 Every Member is directly and wholly liable, in accordance with the Bye Laws, Rules and Regulations of Clearcorp, to every other Member with whom the deal is done on the FX-SWAP Dealing System for due fulfillment of the deal;
- 2.3.7 Members shall at all times ensure that they, as well as the users permitted by them to operate on the FX-SWAP Dealing System, subscribe to the internal code of conduct as also those prescribed, if any, by RBI and/or any other regulatory agency authorized to do so, Clearcorp, Clearing Corporation and/or any other industry body / association such as FEDAI etc;
- 2.3.8 Clearcorp and/or any of its officials shall not in any way be liable for any loss or consequences that may arise on account of unauthorized and/or wrongful use of Member Number and/or User Number/ID by any person acting in the name of or on behalf of a Member;

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## CHAPTER III: BILATERAL LIMITS AND MARGINS/COLLATERAL

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### 3.1 Limits

- 3.1.1 FX-SWAP (Dealing) Segment Members shall fix bilateral limits against each Member with whom they propose to trade.
- 3.1.2 Such limits may be set by Members separately for Cash, Tom and Spot instruments or on an aggregate (global) basis for Cash, Tom and Spot instruments.
- 3.1.3 The limits so set shall be Gross Limits, i.e. they are neutral on order type and serve as turnover limits.
- 3.1.4 Deal(s) for Cash, Tom and Spot instruments shall be for the quantity up to the lower of the limits set by the Members against each other for the respective tenor.
- 3.1.5
- a. No separate bilateral limits shall be required to be fixed for trades in forward instruments.
  - b. For dealing in Outright Forward and Month end over Month end (LD/LD) instruments, the Member may specify its preferred counterparties in a separate screen provided for this purpose.
- 3.1.6 Clearcorp, shall at any time, be authorized to impose such limits as advised by Clearing Corporation so as to determine the extent of dealing operations a Member may be permitted to undertake on Clearcorp's FX-SWAP Dealing Segment;

## **3.2 Margin/Collateral**

3.2.1 The trades in forward instruments on the platform shall automatically be processed for guaranteed settlement through Clearing Corporation.

3.2.2 Such trades accepted for guaranteed settlement shall be governed by the Regulations of the Forex Forward segment of Clearing Corporation.

3.2.3

- a) Prior to commencement of dealing in Forward Instruments on Clearcorp's FX-SWAP Dealing System, every Member shall contribute the required amount of margins by advising the amount of such margin that may be utilised from the Settlement Guarantee Fund (SGF) of the Securities Segment managed by Clearing Corporation;
- b) The composition and manner of contribution of such margin shall be as specified in the Chapter III pertaining to Settlement Guarantee Fund (SGF) under Regulations of Forex Forward Segment of Clearing Corporation.
- c) A Member's contribution to SGF shall cover its margin obligations towards Initial Margin, Mark to Market Margin and/or any other margin that may be prescribed in the Regulations of the Forex Forward Segment of Clearing Corporation;
- d) The margin requirement arising out of the addition of a trade done on the platform to the portfolio of outstanding trades shall be computed as per Chapter VII on risk management under Regulations of Forex Forward Segment of Clearing Corporation, and shall be checked with reference to margin already blocked for all the forward trades accepted for settlement in the Forex Forward Segment and the margin contributed for the FX-SWAP Dealing System.

- e) The trades done in Forward Instruments of FX-SWAP (Dealing) System shall be subject to online checks for adequacy of margin for both counterparties to the trade on a post trade basis, as above.
- f) If any inadequacy is observed at the time of checking the adequacy of margin in the account of any of the counterparties to a trade, Clearing Corporation shall, at its sole discretion, be entitled to refuse to accept such trade for guaranteed settlement.
- g) The margin amount as contributed by the Member towards trading in Forward Instruments as per clause (a) above shall first be appropriated towards the margin obligation required to be fulfilled by a Member in relation to the risk exposures on each matched forward deal on the FX-SWAP platform.
- h) If the margin is inadequate, the Member, pending verification of availability of sufficient margin by way of unutilised balance in the SGF of the securities segment, shall be temporarily deactivated from further trading in forward instruments on the platform. All the outstanding orders in Forward Instruments shall also be cancelled upon deactivation.
- i) The required margin as mentioned in clause (h) above, shall next be blocked from the unutilised portion, if any, of SGF contributed by the Member for securities segment.
- j) If the blocked margin as mentioned in clause (i) is sufficient, the Member shall be reactivated for trading in the Forward Instruments of the platform.
- k) If the margin after utilization as mentioned in clauses (g) and (j) above is found inadequate, an alert shall be generated for the Member by way of a FX-SWAP



report, and the Member shall continue to remain deactivated for the Forward Instruments on the platform.

- 3.2.4 Clearcorp is authorized, upon intimation of Clearing Corporation of the failure of a Member to fulfill its initial margin obligation, to remove outstanding orders of such Member in Forward Instruments, from the FX-SWAP Dealing Segment until the shortage with respect to initial margin is met;
- 3.2.5 If a Member fails to fulfill its margin obligation, either for trades done through FX-SWAP platform, or on outstanding trades guaranteed for settlement by Clearing Corporation, Clearcorp shall be entitled, at its sole discretion, to temporarily suspend the rights of the Member from trading on the Forward Instruments.
- 3.2.6 The temporary suspension of rights of Members to trade in Forward Instruments of FX-SWAP (Dealing) System may be revoked by Clearcorp on fulfillment of the margin obligation and on recovery of other additional charges, if any.

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## CHAPTER IV: INSTRUMENTS

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- 4.1 A Member shall be entitled to transact only in those instruments that are made available on the Dealing System by Clearcorp;
- 4.2 Clearcorp may at its discretion at any time suspend dealing in a particular instrument as it deems fit and such suspension shall take effect on such conditions and in such time and manner as Clearcorp may prescribe in this regard. However, a Member suspended from dealing shall continue to be liable for fulfillment of the obligations to Clearing Corporation arising out of deals already done on the platform and accepted for settlement by Clearing Corporation;
- 4.3 Clearcorp may at its discretion at any time revoke the suspension of a particular instrument as it deems fit on such conditions and in such time and manner as may be prescribed in this regard.

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## CHAPTER V: DEALING SYSTEM AND OPERATIONS

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### 5.1 Dealing System

- 5.1.1 The FX-SWAP Dealing System is an anonymous dealing system where the identity of the original counterparties to a trade shall be disclosed only on a post-trade basis;
- 5.1.2 Access to FX-SWAP Dealing System shall be available to a Member as per connectivity mode decided by Clearcorp from time to time;
- 5.1.3 It shall be the responsibility of every Member to maintain the necessary Information Technology infrastructure that Clearcorp may prescribe or at its sole discretion provide to ensure proper and efficient performance of the FX-SWAP Dealing System; the Member shall also maintain the necessary staff, communication facilities and records as required for the operations.
- 5.1.4 All operations on the FX-SWAP Dealing System shall be carried out from the authorized premises of the Member only where its treasury front office/back office/mid offices are located with access to the FX-SWAP Dealing System restricted to its duly authorized personnel only;

- 5.1.5 A Member may have more than one user and in such cases, the Member shall request Clearcorp for additional user IDs furnishing the details of the users to Clearcorp. However, allocation of multiple User IDs shall be at the sole discretion of Clearcorp;
- 5.1.6 Every user shall be given initial access to the FX-SWAP Dealing System through the password provided at the time of user approval. The user shall ensure that such password is changed immediately after initial log in;
- 5.1.7 Every user shall ensure compliance with the Password Policy as implemented in the FX-SWAP Dealing System, as applicable from time to time;
- 5.1.8 Every user shall maintain complete secrecy of the User number/ID and password;
- 5.1.9 Clearcorp and/or any of its officials shall not in any way be liable for any loss or consequences that may arise on account of unauthorized and/or wrongful use of the User ID and/or password;
- 5.1.10 Member and/or any of its users shall not have any right, title or interest with respect to the FX-SWAP Dealing System, its facilities, software and the information provided by Clearcorp;
- 5.1.11 A Member and/or any of its users shall not be permitted to:
- a) Use the software provided by Clearcorp for any purpose other than those approved and specified by Clearcorp;
  - b) Use the software provided by Clearcorp on any equipment other than that installed in its official premises from where its dealing operations are conducted;
  - c) Copy, alter, modify or make available to any other entity or person, the software provided by Clearcorp;

- d) Use the software in any manner other than as specified by Clearcorp;
- e) Install or operate a workstation from an unauthorized location;
- f) Install or operate a workstation from a PC / Server / Laptop or any other similar device that does not meet the minimum configuration requirement specified by Clearcorp;
- g) The intellectual property rights of such software shall be with Clearcorp and any unauthorized use of the same shall be treated as infringement and dealt with accordingly;

5.1.12 A Member and/or any of its users shall not publish, supply, show or make available to any other person/entity the facilities of the dealing system or the information provided by the FX-SWAP Dealing System except with the explicit approval of Clearcorp;

5.1.13 Clearcorp shall provide its services on a best effort basis. However, Clearcorp shall not be liable under any circumstances for any failure of the FX-SWAP Dealing System and any consequence arising there from;

5.1.14 Without prejudice to anything contained in Para 5.1.13 above, such failure shall not reduce, alter or affect the liability of a Member in respect of any deals to which the said Member is a party;

## **5.2 Dealing Days**

- 5.2.1 The dealing system shall normally function on all days except Saturdays, Sundays and those days that are declared as holidays under the Negotiable Instruments Act, 1881 in the state of Maharashtra, and such holidays as Clearcorp may declare from time to time.
- 5.2.2 At the instance of RBI or any other regulatory authority authorized to so direct, Clearcorp may choose not to operate the FX-SWAP Dealing System on days other than or in addition to scheduled holidays or may operate the same on days originally declared to be holidays and such decision shall be final and binding on all Members;

## **5.3 Business Timings**

- 5.3.1 Clearcorp shall have the absolute discretion to decide on the timings for trading. Clearcorp may extend, advance or reduce dealing hours by notifying Members as and when it deems fit and necessary in this regard.

## **5.4 Dealing Parameters**

- 5.4.1 Clearcorp may from time to time specify various operational parameters relating to the dealing system which, may, inter alia, include:

- (a) determining types of orders and order attributes (including Single Order Limit Size);

- (b) fixation of market lots for Order matching;
- (c) fixation of source for Base Rate (Spot Rate, Cash/Tom Rate, Tom/Spot Rate and first month Forward Rate)
- (d) limit of spread between bid and offer prices for different instruments, if required;
- (e) limit of variation within a day or between days in bid and offer prices of different instruments;
- (f) fixation of price variation on a business day over the previous day's closing price of the different instruments;
- (g) determining functional details of the order matching system including system design, user infrastructure and system operations;
- (h) Such other parameters as may be decided by Clearing Corporation / Clearcorp from time to time.

5.4.2 Clearcorp may, from time to time, prescribe different forms of order books that shall be maintained on the dealing system and may also specify such terms and conditions for eligible orders to be admitted on the system. Such conditions may include "MINIMUM FILL" and "ALL OR NONE" and other order attributes such as "DISCLOSED QUANTITY" "IMMEDIATE OR CANCEL", "GOOD TILL TIME".

5.4.3 Clearcorp may specify the minimum disclosed quantity for the orders.

5.4.4 Clearcorp may specify, from time to time, the lot size (minimum and multiples thereof) and price, quantity and time conditions in which orders can be placed on the dealing system.

5.4.5 Clearcorp may specify the number of days after which the Good Till Cancelled orders shall stand cancelled on the Dealing system.

## **5.5 Modes of Dealing**

5.5.1 Clearcorp may, from time to time, specify the modes of dealing and the instruments permitted to deal on those modes. Initially, only Order Matching Mode is provided on FX-SWAP platform.

## **5.6 Modification / Cancellation of Orders**

5.6.1 Clearcorp shall have absolute discretion to allow Members to modify and/or cancel their orders;

5.6.2 A Member may be permitted to modify or cancel its outstanding orders;

5.6.3 Orders shall be modified by effecting changes in the input parameters in the manner and subject to such conditions, as may be prescribed by Clearcorp from time to time;

5.6.4 The modified order shall lose or retain its time priority as per the dealing parameters set by Clearcorp;

5.6.5 In the event of failure of connectivity for a Member (not attributable to any act or omission of that Member), Clearcorp may at its sole discretion undertake on behalf of such Member to cancel all its outstanding orders subject to conditions stated as per above sub-clauses; and the said Member shall be accountable for the activity carried out by Clearcorp on its behalf. Clearcorp shall not be liable to the Member



for any losses or costs if such orders get matched before execution of the cancellation by Clearcorp;

## **5.7 Order Validation**

5.7.1 Orders entered into the Dealing System by Dealing Members shall be subject to such validations as may be prescribed by Clearcorp from time to time including order conditions and other dealing parameters;

5.7.2 Orders that do not meet the validation requirements applicable to that type of order will be rejected;

## **5.8 Matching rules**

5.8.1 Clearcorp may specify from time to time the kinds of orders that can be placed on the dealing system, the order matching algorithms, the matching rules and other parameters.

5.8.2 Where Clearcorp is of the view that it is in the interests of the market to do so, and/or to meet any statutory or regulatory or tax obligations/order/directive, it may at any time make unavailable any particular order book or forms of matching, for a particular instrument for the market as a whole.

5.8.3 Without prejudice to the generality of the above, Clearcorp may notify the order matching rules from time to time which shall include the following:

- i. Orders shall be matched on the basis of price-time priority.

- ii. The time recorded at FX-SWAP System Central Server shall be the basis for determining time priority;
- iii. The orders for Members shall match only with the orders of other Members who are its preferred counterparties.
- iv. If the order matches, then the trade shall take place for the quantity, which is up to the least of the available bilateral limits of the members incase of C/T, C/S, T/S and Spot over Month-end instruments. However, in case of LD/LD and Outright Forward Instruments, if the order matches, the trade shall take place for the lower of the order quantity placed between the selected preferred counterparties.
- v. The Best Sell/Buy or Bid order shall match with the Best Buy/Sell or Offer order. For dealing on price, the best Sell/Buy or Bid order shall be the one with the highest price and the best Buy/Sell or Offer order shall be the one with the lowest price.
- vi. An order shall become an Active Order at the time of its entry into the FX-SWAP Dealing System. If such an order, on entry into the FX-SWAP Dealing System, does not find a matching order(s), it would become Passive Order and remain in the dealing system. However, if the order is Immediate or Cancel then it shall be cancelled if not matched.
- vii. Such other rules as may be notified from time to time by Clearing Corporation / Clearcorp.

Clearcorp may at its discretion, modify or change the matching algorithms from time to time after due notice to members.

## **5.9 Rejection of Orders/Deals**

5.9.1 Clearcorp shall have the absolute discretion to reject the deals for any of the following conditions:

- I. When the orders/deals are not adequately covered by limits/margins;
- II. When orders/deals are not as per the terms and conditions as applicable to such orders/deals;
- III. In the event of declaration of unscheduled holiday or sudden development including failure of systems and applications whereby dealing, operations for a particular settlement date have been temporarily suspended;
- IV. In the event of Force Majeure;

## **5.10 Trade Cancellation:**

5.10.1 Clearcorp shall have absolute discretion to allow Members to place request to cancel trades executed on the platform.

5.10.2 A Member shall be permitted to place request to cancel a particular trade on the platform upto a specified period from the time of execution of that trade, as may be notified from time to time.

5.10.3 The Trade Cancellation shall be concluded on the platform only after a cancellation request initiated by a Member is accepted by the counterparty to the trade.

5.10.4 The Bilateral Limits with respect to those counterparties with whom trades have been cancelled on the system shall not get replenished.

5.10.5 Clearcorp shall not be responsible for any loss caused to any of the Members in a situation where the counterparty refuses to cancel a particular trade on the system.

5.10.6 Clearcorp shall not be liable for any losses arising out of any trade cancellations executed on the platform.

## **5.11 Settlement of trades**

5.11.1 Cash, tom and spot deals, shall be directly sent from FX-SWAP Dealing Segment of Clearcorp to Forex Segment of Clearing Corporation, for settlement/cancellation provided the Members have given their consent in writing to Clearcorp/Clearing Corporation. In the absence of such consent the Member shall submit such trades/cancellation through IFN 300 to Clearing Corporation. Any change in this

option shall be communicated in writing by Members to Clearing Corporation/ Clearcorp at least 7 days in advance. Settlement/cancellation of such trades shall be governed by the Regulations of the Forex Segment of Clearing Corporation.

5.11.2 All forward trades concluded/cancelled on the FX-SWAP dealing platform shall be automatically sent from FX-SWAP (Dealing) System of Clearcorp to the Forex Forwards Segment of Clearing Corporation as matched/cancelled trades for settlement/cancellation. Settlement/cancellation of such trades shall be governed by the Regulations of the Forex Forwards Segment of Clearing Corporation.

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## CHAPTER VI: SURVEILLANCE

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- 6.1 Clearcorp shall monitor the functionality of the FX-SWAP Dealing System during dealing hours and compliance with all provisions of the terms and conditions. Clearcorp shall take all measures necessary for the smooth operation of functions and orderly dealing;
- 6.2 The commencement of dealing may be postponed or dealing hours may be extended if required, based on advice received from the Regulator/FEDAI;
- 6.3 In the event of technical problems, Clearcorp may temporarily suspend access to FX-SWAP Dealing System for a Member or all the Members;
- 6.4 In the event any of the measures, as above, is implemented which affect the operation of the FX-SWAP Dealing System, the Members affected thereby shall, to the extent possible, be notified thereof via the System or, in the case of a system failure, by other suitable means;
- 6.5 If participation in dealing on FX-SWAP Dealing System is not possible for any Member or group of members due to technical disruptions, the System shall continue to be available to other Members;

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## CHAPTER VII: REPORTS

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- 7.1 Clearcorp shall, at its absolute discretion, decide the mode and manner of delivery/receipt of reports to/from its Members;
- 7.2 Clearcorp shall, at daily/monthly intervals, generate such reports as are required and place the same on its Report Server to facilitate the Members to download the same;
- 7.3 Clearcorp shall have the absolute discretion to make changes in the Report formats as it may consider necessary from time to time.

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## CHAPTER VIII: MISCELLANEOUS

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- 8.1 Clearcorp is entitled in its absolute discretion to amend or supplement from time to time the provisions of its Bye Laws, Rules and Regulations or any communications/notifications/circulars/instructions issued there under to the extent necessitated by market conditions and/or regulatory requirements. The same shall be binding on the Members;
- 8.2 Members shall normally be notified of any changes with due notice prior to the effective date thereof, unless any emergent action of Clearcorp becomes necessary due to any sudden development making such advance notification impossible.

### **8.3 Suspension of a Member from the FX-SWAP Dealing Segment by Clearcorp**

- 8.3.1 Clearcorp may suspend any of its Members as specified in the Bye Laws, Rules and Regulations;
- 8.3.2 The Managing Director of Clearcorp or a Committee of not less than two officials nominated by the Managing Director (MD) may disable a Member from accessing the facilities of Clearcorp if in the opinion of the MD or the Committee of officials, the circumstances exist which shall warrant disablement pending suspension. Provided that, within 4 hours after such disablement, the MD or the Committee of officials as the case may be shall record in writing the reasons for such disablement. However, the same shall be reported at the next Board or the Committee meeting whichever is



earlier. After such disablement, Clearcorp shall communicate the information to other Members;

#### **8.4 Indemnity**

8.4.1 No claim suit or any other legal proceeding shall lie against Clearcorp and/or Clearing Corporation or any of its officials for anything with respect to the FX-SWAP Dealing System, which is done or intended to be done by them in good faith.

#### **8.5 Dispute Resolution**

8.5.1 It is a condition precedent that all disputes of any nature between Members and Clearcorp shall be resolved by the procedure prescribed by Clearcorp for the purpose.

#### **8.6 Jurisdiction**

8.6.1 Any deal entered into through the FX-SWAP Dealing System shall be deemed to have been entered at the computerized processing unit of Clearcorp and the place of contracting shall also be reckoned to be Mumbai;

8.6.2 The record of Clearcorp as maintained by its central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or in any other

manner shall constitute the agreed and authentic record in relation to any transaction entered into through the FX-SWAP Dealing System. For the purposes of any dispute, the records as maintained by the computer processing units of Clearcorp shall be conclusive evidence;

8.6.3 All disputes shall be subject to exclusive jurisdiction of the Civil Courts in Mumbai.

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## **CHAPTER IX: FEES AND CHARGES**

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### **9.1 Fees and Charges**

- 9.1.1 The permission to use the FX-SWAP Dealing System shall be subject to the payment of such charges to Clearcorp as may be specified from time to time;
- 9.1.2 The Board or any other Committee appointed by the Board or Official(s) of Clearcorp authorized by the Board in that behalf may prescribe the scale of fees, charges and/or additional charges payable by Members from time to time;
- 9.1.3 The Board or any other Committee appointed by the Board or Official(s) of Clearcorp authorized by the Board in that behalf shall be empowered to review the various fees, charges and/or additional charges and effect such changes in the same as it considers necessary from time to time;
- 9.1.4 The revised fees and charges, as and when made effective, shall be payable by the Member;
- 9.1.5 The charges and fees as specified above payable by a Member shall be notified by Clearcorp from time to time;

### **9.2 Bills for Fees and Charges**

- 9.2.1 Clearcorp shall forward to its Members the bills relating to usual fees and charges as and when such bills are generated and due for payment;

9.2.2 The Members shall verify their bills and notify Clearcorp of discrepancies, if any, with all necessary details, not later than two business days from the date of notification of the relative bill.

### **9.3 Recovery of Fees and Charges**

9.3.1 The Member shall effect payment of the fees and charges payable by them to Clearcorp in the manner and within the time limit notified by Clearcorp from time to time;

9.3.2 Non-payment of fees and charges by the notified due date shall attract additional charges by the said Member at the rate notified from time to time in addition to any other disciplinary action as decided by Clearcorp;

9.3.3 The additional charges shall be payable by the Member in such manner as notified by Clearcorp from time to time.

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## **Chapter II MEMBERSHIP**

### **2.3. Membership ID**

2.3.2 Every Member shall incorporate the Member Number in all its **communications** to Clearcorp;

2.3.5 Clearcorp does not recognize as parties to any deal, ~~any persons other than its own members~~ **the Members of the FX-SWAP (Dealing) Segment;**

## **CHAPTER III: BILATERAL LIMITS AND MARGINS/COLLATERAL**

### **3.1 Limits**

3.1.2 Such limits may be set by ~~banks~~ **Members** separately for Cash, Tom and Spot instruments or on an aggregate (global) basis for Cash, Tom and Spot instruments.

#### 3.1.5

- a. No separate bilateral limits shall be required to be fixed for trades in forward instruments.
- b. **For dealing in Outright Forward and Month end over Month end (LD/LD) instruments, the Member may specify its preferred counterparties in a separate screen provided for this purpose.**

### **3.2 Margin/Collateral**

3.2.1 The trades in forward instruments on the platform shall automatically be processed for guaranteed settlement **through Clearing Corporation.**

3.2.3 (a) Prior to commencement of dealing in Forward Instruments on Clearcorp's FXSWAP Dealing System, every Member shall contribute the required amount of margins by advising the amount of such margin that may be utilised from the Settlement Guarantee Fund (SGF) of the Securities Segment managed by Clearing Corporation;

3.2.3 (e) The trades done in Forward Instruments of FX-SWAP (Dealing) System shall be subject to online checks, for adequacy of margin for both counterparties to the trade online on a post trade basis, as above.

3.2.3 (f) If any inadequacy is observed at the time of checking the adequacy of margin in the account of any of the counterparties to a trade, Clearing Corporation shall be entitled to, at its sole discretion, be entitled to refuse to accept such trade for guaranteed settlement.

3.2.4 Clearcorp is authorized, upon intimation of Clearing Corporation of the failure of a Member to fulfill its initial margin obligation, to remove any order received from outstanding orders of such Member in Forward Instruments, from the FX-SWAP Dealing Segment until the shortage with respect to initial margin is met;

3.2.6 The temporary suspension of rights of Members to transact trade in Forward Instruments of FX-SWAP (Dealing) System may be revoked by Clearing Corporation / Clearcorp on fulfillment of the margin obligation and on recovery of other additional charges, if any.

## **CHAPTER V: DEALING SYSTEM AND OPERATIONS**

### **5.1 Dealing System**

5.1.6 Every user shall be given initial access to the FX-SWAP Dealing System through the password provided by Clearcorp provided to him/her at the time of user approval. The user shall ensure that this initial such password is changed immediately after initial log in;

5.1.8 Every user shall maintain complete secrecy of his/her the User number/ID and password;

5.1.13 Clearcorp shall provide its services on a best effort basis. However, Clearcorp shall not be liable under any circumstances for any failure of the FX-SWAP Dealing System or otherwise or a **and any** consequence arising there from;

## 5.4 Dealing Parameters

5.4.1 Clearcorp may from time to time specify various operational parameters relating to the dealing system which, may, inter alia, include:

c) fixation of source for Base Rate (Spot Rate, and Cash/Tom Rate, Tom/Spot Rate and first month Forward Rate).

f) fixation of price variation on **a** business day over the previous day's closing price of the different instruments;

5.4.4 Clearcorp may specify, from time to time, the lot size (**minimum and multiples thereof**) **and price, quantity and time conditions** in which orders can be placed on the dealing system.

~~5.4.5 Clearcorp may, from time to time, fix price steps in which orders shall be entered on the dealing system.~~

5.4.6 Clearcorp may specify the number of days after which the Good Till Cancelled orders shall stand cancelled on the Dealing system. (**This clause has been renumbered as 5.4.5**)

## 5.6 Modification/Cancellation of Orders

5.6.2 A Member may be permitted to modify or cancel its **outstanding** orders; ~~provided the order has not already been matched;~~

## 5.8 Matching rules

5.8.2 Clearcorp may at its discretion, modify or change ~~such~~ **the** matching algorithms from time to time **after due notice to members**.

5.8.4 (iii) The orders for Members shall match only with the orders of other Members who are its ~~valid~~ **preferred** counterparties.

5.8.4 (iv) If the order matches, then the trade shall take place for the quantity, which is up to the least of the available bilateral limits of the members **incase of C/T, C/S, T/S and Spot over Month-end instruments**. However, in case of LD/LD and Outright Forward Instruments, if the order matches, the trade shall take place for the lower of the order quantity placed between the selected preferred counterparties.

5.8.4 (v) The Best Sell/Buy **or Bid** order shall match with the Best Buy/Sell **or Offer** order. For dealing on price, the best Sell/Buy **or Bid** order shall be the one with the highest price and the best Buy/Sell **or Offer** order shall be the one with the lowest price.

5.8.4 (vi) An order shall become an Active Order at the time of its entry into the FX-SWAP Dealing System. If such an order, on entry into the FX-SWAP Dealing System, does not find a matching order(s), it would become Passive Order and remain in the dealing system. **However, if the order is Immediate or Cancel then it shall be cancelled if not matched.**

#### **5.10 Trade Cancellation (New Clause)**

- 1) Clearcorp shall have absolute discretion to allow Members to place request to cancel trades executed on the platform.
- 2) A Member shall be permitted to place request to cancel a particular trade on the platform upto a specified period from the time of execution of that trade, as may be notified from time to time.
- 3) The Trade Cancellation shall be concluded on the platform only after a cancellation request initiated by a Member is accepted by the counterparty to the trade.



- 4) The Bilateral Limits with respect to those counterparties with whom trades have been cancelled on the system shall not get replenished.
- 5) Clearcorp shall not be responsible for any loss caused to any of the Members in a situation where the counterparty refuses to cancel a particular trade on the system.
- 6) Clearcorp shall not be liable for any losses arising out of any trade cancellations executed on the platform.

#### **5.10.4 5.11.1 Settlement of trades**

Cash, tom and spot deals ~~to be settled by Forex Segment of clearing Corporation,~~ shall be directly sent from FX-SWAP Dealing Segment of Clearcorp to Forex segment of Clearing Corporation, for ~~matching conditional upon the members having~~ settlement / cancellation provided the Members have given their consent in writing to Clearcorp / Clearing Corporation. In the absence of such consent the Member shall submit such trades / cancellation through IFN 300 to Clearing Corporation. Any change in this option shall be communicated in writing by Members to Clearing Corporation/ Clearcorp at least 7 days in advance. Settlement / cancellation of such trades shall be governed by the Regulations of the Forex Segment of Clearing Corporation.

#### **5.10.2 5.11.2 Settlement of trades**

All forward trades ~~done~~ concluded / cancelled on the FX-SWAP dealing platform shall be automatically sent from FX-SWAP (Dealing) System of Clearcorp to the Forex Forwards Segment of Clearing Corporation as matched / cancelled trades for settlement / cancellation. Settlement / cancellation of such trades shall be governed by the Regulations of the Forex Forwards Segment of Clearing Corporation.

## **CHAPTER VI: SURVEILLANCE**

6.2 ~~In order to ensure orderly system functionality,~~ The commencement of dealing may be postponed or dealing hours may be extended if required, based on advice received from the Regulator/FEDA;

6.5 If participation in dealing on FX-SWAP Dealing System is not possible for any Member or group of ~~any individual~~ members due to technical disruptions, the System shall continue to be available to other Members;

## **CHAPTER VIII: MISCELLANEOUS**

8.2 Members shall normally be notified of any changes with due ~~advance~~ notice prior to the effective date thereof, unless any emergent action of Clearcorp becomes necessary due to any sudden development making such advance notification impossible.

### **8.3 Suspension of a Member from the FX-SWAP Dealing Segment by Clearcorp**

8.3.2 The Managing Director of Clearcorp or a Committee of not less than two officials nominated by the Managing Director (MD) may disable a Member from accessing the facilities of Clearcorp if in the opinion of the MD or the Committee of officials, ~~the~~ circumstances exist ~~which shall~~ warranting disablement pending suspension. Provided that, within 4 hours after such disablement, the MD or the Committee of officials as the case may be shall record in writing the reasons for such disablement. ~~provided~~ However, ~~that~~ the same shall be reported at the next Board or the Committee meeting whichever is earlier. After such disablement, Clearcorp shall communicate the information to other Members;