

## NOTIFICATION

**Date: June 21, 2019**

**Notification No.: CDS/FX-CLEAR/19/04**

**All Member Banks  
FX-CLEAR Dealing Segment**

Dear Sir/Madam,

**Re: Changes to the FX-CLEAR Dealing Segment Regulations**

The FX-CLEAR Dealing Segment Regulations have been revised to give effect to the development of web based Forex Retail (FX-Retail) platform for Customers of Member banks.

The changes to the Regulations of the FX-CLEAR Dealing Segment have been appended herewith as **Annexure**. The revised FX-CLEAR Regulations have been posted on CCIL website ([www.ccilindia.com](http://www.ccilindia.com)) under Clearcorp section for your ready reference.

We advise that the changes to the FX-CLEAR Dealing Segment Regulations shall come into effect as on **01<sup>st</sup> July 2019**.

Thanking You.

Yours faithfully,

**for Clearcorp Dealing Systems (India) Limited  
Managing Director**

*Encl: as above*

**ANNEXURE to the Notification No.CDS/FX-CLEAR/19/04**

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## **GLOSSARY OF AMENDMENTS TO THE FX-CLEAR REGULATIONS**

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### **CHAPTER I INTRODUCTION**

These Regulations shall be called “Clearcorp Dealing Systems (India) Limited [FX - Clear Dealing Segment] Regulations, 2004”, as amended in ~~2016~~-2019.

All the capitalized terms used herein shall have the same meaning assigned to them in the Clearcorp ~~Rules and~~ Bye-Laws ~~and~~ Rules.

### **CHAPTER II DEFINITIONS (newly added chapter)**

For the purpose of these Regulations

1. **CUSTOMER:** A “Customer” is an entity which holds an account relationship with a Member Bank and intends to trade in the web based front end of FX-Clear Dealing System;
2. **RELATIONSHIP BANK:** “Relationship Bank” is a FX-Clear Member with which a Customer holds an account relationship and is entitled to approve the registration of the Customer for providing access to the web based front end of FX-Clear Dealing System;
3. **AGGREGATION:** “Aggregation” means a functionality wherein the orders placed at the same price in the Customer Spot Instrument are aggregated to market lot size and in multiples of market lot size of the Spot Instrument;
4. **BRANCHES:** “Branches” means branches of the Members of FX-Clear Dealing System.
5. **SPOT:** “Spot” means an instrument made available on the FX-Clear Dealing System wherein only the Members of the FX-Clear Dealing System can trade in the USD/INR currency pair in market lot size or multiples of market lot size.
6. **CUSTOMER SPOT:** “Customer Spot” means an instrument made available on the

FX-Clear Dealing System wherein the Members of FX-Clear Dealing System and its Customers/Branches can trade in USD/INR currency pair in odd amount.

## **CHAPTER # III MEMBERSHIP**

### **1 Customer Registration**

- 4.1. Any person who wishes to seek access to the web based front end of FX-Clear Dealing System shall complete the registration process, as may be prescribed by Clearcorp from time to time;
- 4.2. A Customer is a person who has successfully completed the registration process as referred to in 4.1 above and has been approved by its Relationship Bank (Member of FX-Clear Dealing System) to trade through the web based front end of FX-Clear Dealing System;
- 4.3. A Customer may be an individual, hindu undivided family (HUF), partnership firm, limited liability partnership (LLP), company, other body corporate, financial institution, insurance company, mutual fund or any entity as may be permitted by RBI from time to time.
- 4.4. The Member shall be solely responsible for the approval/rejection of the Customer based on the information provided by the Customer at the time of registration process and other verification processes as may be considered necessary by the Member in this regard;
- 4.5. Member shall be solely responsible to verify the accuracy of the information provided by the Customer at the time of Registration. Clearcorp shall not be responsible or liable for any incorrect/inaccurate information provided by the Customer in this regard.

- 4.6. Member shall be solely responsible for completion of all the required Know Your Customer (KYC) formalities of the Customer as may be prescribed by the regulatory authorities from time to time or under applicable law.

#### **CHAPTER III IV DEALING SYSTEM AND OPERATIONS**

- 3 Members may permit access to the web based front end of FX-Clear Dealing System to the Customers in accordance with, and subject to the provisions contained in these Regulations.

#### **5. Instruments**

- 5.1 Clearcorp shall from time to time notify the instruments allowed on the FX-Clear Dealing System and the rules applicable there to;
- 5.2 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;
- 5.3 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.
- 5.4 Unless otherwise notified by Clearcorp, the following instruments shall be available for dealing in the order matching mode of the dealing system:
- i. Spot – currency pair of US Dollar and Indian Rupee (USD/INR)
  - ii. Customer Spot – currency pair of US Dollar and Indian Rupee (USD/INR)

### **3.1 6. Order Matching Mode**

#### **A. Spot Instrument**

- ~~3.1.1~~ 1 The FX-Clear Dealing System ~~provides~~ shall provide anonymous dealing on the Order Matching ~~Mode~~, where the Clearing Corporation would be the Central Counterparty for all ~~the~~ Trades in Spot Instrument;
- ~~3.1.2~~ 2 The identity of the Members to the Trades in Spot Instrument, other than Aggregated Trades, may be disclosed to both parties on a post Trade basis for display purpose only;
- ~~3.1.3~~ 3 All Trades concluded in the Spot Instrument shall be automatically sent by the FX-Clear Dealing System to the Forex Settlement Segment of Clearing Corporation for ~~guaranteed~~ settlement.

## **B .Customer Spot Instrument**

1. A separate Customer Spot Instrument shall be available on the FX-Clear Dealing System to enable the Members, their branches and Customers to trade in US Dollar and Indian Rupee Currency Pair.
2. Members shall also be provided with a web based access to the dealing system to perform trading and administrative activities related to the Customer Spot Instrument;
3. Trades concluded with other Members (Interbank Trades) shall be automatically sent by the FX-Clear Dealing System to the Forex Settlement Segment of Clearing Corporation for settlement;
4. Trades concluded with own Branches/Customers of the Member shall be settled by the Member with the respective Branch/Customers bilaterally.
5. The Member shall be responsible for entering the Swap quotes required for the final calculation of Cash, Tom rates for their Customers trades on the System;
6. Any change in the Swap quotes done intra-day by the Member will result into modification of the Spot price for Cash and Tom orders of the Customers;

7. Aggregation functionality has been implemented for the Customer Spot Instrument wherein orders placed at the same price are aggregated to market lot size and in multiples of market lot size of the Spot Instrument. These aggregated orders shall also be available for matching with the orders in the Spot Instrument.

## 7. Negotiation Mode

~~3.2.17.1~~ Dealing Members may contact other Dealing Members on the FX -Clear Dealing Terminal for negotiation;

~~3.2.27.2~~ After the Dealing Members have agreed to strike a deal with each other as per the negotiated terms and conditions agreed to between them, they shall confirm the deal and generate deal tickets

7.5 Negotiation mode shall not be available to the Branches/Customers of the Member.

## 8 Dealing System

8.3 The facility to trade in the Customer Spot instrument shall be available to Customers and Branches of Members only through the internet mode.

~~4.4~~ 8.5 All operations on the FX-Clear Dealing System shall be carried out from the authorized premises of the Member ~~where its treasury front office/back office/mid offices are located~~ with access to the FX-Clear Dealing System restricted to its duly authorized personnel only. In case any Member fails to strictly adhere to this requirement, Clearcorp, at its discretion, may take such action as it may deem fit, including, but not limited to immediate withdrawal of the facility, without any notice/reference to the Member.

~~4.14~~ 8.12 Member, ~~including and/or any of~~ its users and Customers shall not have any right, title or interest with respect to FX-Clear Dealing System, its facilities, software

and the information provided by Clearcorp;

~~4.14~~ 8.15 A Member shall always be liable for all Trades ~~including Trades concluded by its Branches and Customers~~ executed on the FX-Clear Dealing System as also for all Orders and/or activity undertaken on the system by any of its users;

~~4.16~~ 8.17 Without prejudice to anything contained in Para ~~3.14-8.16~~ 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;

## 11. Dealing Parameters

~~7.211.2~~ 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", and "GOOD TILL TIME" ~~and "GOOD TILL CANCELLED"~~;

~~7.311.3~~ Clearcorp may specify the minimum disclosed quantity for the Orders ~~placed in instruments wherever applicable.~~

~~7.511.5~~ All outstanding Orders remaining unmatched in the FX-Clear Dealing System at the end of dealing hours shall get cancelled automatically; ~~except Good Till Cancelled Orders;~~

~~7.6~~ ~~Clearcorp may specify the number of days after which the Good Till Cancelled Orders shall be automatically cancelled.~~

## 12. Modification and Cancellation of Orders

~~8.112.1~~ Clearcorp shall have discretion to allow the Members to modify, ~~hold, release~~



and/or cancel their Orders;

## 16 Trade Cancellation

~~12.116.1~~ Clearcorp shall not be responsible for trades concluded erroneously or at Off Market Prices; ~~by the Member.~~

~~12.716.7~~ The Trade cancellation facility shall be available only for cancellation of Trades in the Spot Instrument concluded on the Order-Matching mode of the system. However, this facility shall not be available for trades concluded in the Spot Instrument resulting from matching with the aggregated order for the Customer Spot Instrument.

16.8 Trade Cancellation facility shall not be available for trades concluded in the Customer Spot Instrument.

## 17 Settlement of Trades

~~13.117.1~~ Settlement of Trades concluded on the FX-Clear Dealing System shall be governed by the provisions of Bye-Laws, Rules and Regulations of Forex Settlement Segment of Clearing Corporation; ~~The Clearing Corporation, will, act as the Central Counterparty for all interbank trades concluded on the FX-Clear Dealing System~~

~~13.217.2~~ All ~~the~~ Trades in the Spot Instrument and all interbank trades in the Customer Spot instrument of the Order Matching mode of the FX-Clear Dealing System shall be processed for clearing and guaranteed settlement by Clearing Corporation

17.3 Trades concluded in the Customer Spot Instrument with own Branches/Customers of the Member as Counterparty shall be settled bilaterally by the Member with the respective Branches/Customers.

## 18. Mark Up

18.1 A Member may set a Mark Up Value for its Customers.

18.2 The Mark Up Value so set by the Member may be specific to each Customer.

18.3 Both Member and its Customers may view the Mark Up Value on the dealing system.

For the purpose of this regulation, "Mark Up Value": shall mean the value to be added/reduced from the dealt price to arrive at a final price.

## CHAPTER IV V LIMITS AND MARGINS

### A Order Matching Mode

#### 1. Limits

1.2 The Members shall be placed on Square off mode, on reaching or on breach of a prescribed percentage level of limits, as notified by Clearcorp, thereby allowing placing of Orders only on a single side on the FX-Clear Dealing System. All the Orders **except the orders placed in the Customer Spot Instrument** of such Members, outstanding on the side which if executed would breach limits shall be cancelled immediately upon activation of Square off mode on FX-Clear Dealing System. Similarly, the Members shall be placed on Normal mode, on reaching within such prescribed percentage Level of Limits, thereby allowing normal trading on the FX-Clear Dealing System;

1.3 If the Member is placed on Square off mode on reaching or on breach of the prescribed percentage level of limits, the orders placed by such Member in the Customer Spot Instrument shall be matched only with the orders placed by the Member's own Branches or Customers;

1.4 The orders placed by the Member or Branches/Customers of the Member in the Customer Spot Instrument shall not be aggregated to match with the Spot instrument orders when the Member is placed in Square Off mode. Similarly, when the Members shall be placed in Normal mode, on reaching within such prescribed percentage level of limits, these orders in Customer Spot Instrument shall be aggregated to match with the Spot Instrument orders thereby allowing Normal trading on the FX-Clear Dealing System;

## 2. Margins

~~2.1 (i) The Trades concluded on the FX Clear Dealing System are accepted for guaranteed settlement as governed by the Regulations of the Forex Settlement Segment of Clearing Corporation;~~

~~2.2(iv)~~ 2.4 On Margin utilization of a Member reaching the Replenishment level notified, the Member may be allowed access to the FX-Clear ~~Trading-Dealing Ssystem~~ on Risk Reduction Mode. In this mode, the Members may be allowed to place certain type of Orders (like Immediate or Cancel) only in the ~~dealing trading~~ system. Margins on these Orders may also be collected before these are allowed to be placed for Matching in ~~the dealing-trading~~ systems and without allowing offsets between buy and sale Trades;

~~2.2(v)~~ 2.5 If the Margin utilization by a Member reaches or exceeds the notified rejection level, the Members shall be temporarily deactivated from the FX-Clear Dealing System. All outstanding Orders in FX-Clear System ~~except the orders placed in the Customer Spot Instrument~~ shall ~~also~~ be cancelled upon deactivation.

2.6 If the Member is deactivated from the FX-Clear Dealing System due to Margin breach, the orders placed by the deactivated Member in the Customer Spot

Instrument shall be matched only with the orders placed by the Member's own Branches or Customers;

2.7 The orders placed by the Member or Branches/Customers of the Member in the Customer Spot Instrument shall not be aggregated to match with the Spot Instrument orders if the Member is deactivated from the FX-Clear Dealing System due to Margin breach.

2.10 On revocation of the suspension of rights of Members to Trade on the FX-Clear System, as above, the orders in Customer Spot Instrument shall be aggregated to match with the Spot Instrument orders to the extent possible

### **3 Customer Trading Limits**

3.1 Member will be provided with a facility to set limits for trading by Customers on the system. The limit can be set in US dollar or INR terms;

3.2 Member shall be solely responsible for setting and modification of the limits for its Customers for trading.

### **B Negotiation Mode**

1 The Members shall be allowed to negotiate and conclude Trades **only with other members** on the Negotiation mode of FX-Clear Dealing System;

## **CHAPTER IX X MISCELLANEOUS**

### **7 Limitation of Liability**

It is clearly understood that neither Clearcorp and/or Clearing Corporation nor the directors, managers, officers, employees of Clearcorp and/or Clearing Corporation guarantee the functioning of FX-Clear Dealing System. Clearcorp and/or Clearing Corporation and the directors, managers, officers, employees of Clearcorp and/or Clearing Corporation shall not be, in any way, liable to any Member, **Relationship Bank, Customer** or to any other person

for any problem in performance or interruption of FX-Clear Dealing System or for any damages, consequential or otherwise, arising there from or occasioned thereby. No proceedings shall be issued by any Member against Clearcorp and/or Clearing Corporation or against any of the directors, managers, officers or employees of Clearcorp and/or Clearing Corporation for any act of commission or omission done in discharge of official functions.

## **8 Dispute Resolution**

8.3 Member shall provide for an arbitration clause in the agreement entered with its Customers for the purpose of resolution of any claims or disputes between the Members and its Customers in relation to any Trades undertaken on the FX-Clear Dealing System by the Member on behalf of its Customer.

8.4 Clearcorp or Clearing Corporation shall not be responsible for resolution of any claims or dispute between Member and its Customer in relation to any Trades undertaken on the FX-Clear Dealing System by the Member on behalf of its Customer.

8.5 Clearcorp shall provide the record as maintained by its central processing units to the Member or the Customer, on written request, for the purpose of adducing the same as evidence in any arbitral dispute between the Member and the Customer.

## **CHAPTER X XI FEES AND CHARGES**

~~1.1 The permission to use the FX-Clear Dealing System shall be subject to the payment of such charges to Clearcorp as may be specified from time to time;~~

~~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;~~

~~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;~~

~~1.4 The revised fees and charges, as and when made effective, shall be payable by the Member;~~

1.1 Clearcorp may specify the fees and charges as may be payable by the Members with respect to the usage of the FX-Clear Dealing System from time to time.

~~1.5~~ 1.2 The fees and charges ~~and fees~~ as specified above payable by a Member shall be notified by Clearcorp from time to time.