

CCIL

*SERVICE FOR ANALYSIS OF RISK,  
VALUATION AND MARGINING  
(SARVAM)*

RULES

SERVICE FOR ANALYSIS OF RISK, VALUATION AND MARGINING RULES

**Version History**

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## **EXECUTIVE SUMMARY**

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

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

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

Accordingly, it has built the Service for Analysis of Risk, Valuation and Margining (SARVAM). The solution intends to provide ‘Valuation’, ‘Margining’, ‘Collateral Management and Margin Maintenance’ and ‘Risk Analytics’ services for NCCDs.

The exercise of formulating these CCIL-SARVAM Rules was undertaken by Clearing Corporation pursuant to consultation and feedback from the market participants coupled with Clearing Corporation’s expertise in the financial markets.

## CHAPTER I: INTRODUCTION

The rules for services offered under the Clearing Corporation's Service for Analysis of Risk, Valuation and Margining (SARVAM) shall be known as Clearing Corporation's Service for Analysis of Risk, Valuation and Margining Solution (SARVAM) Rules, 2023 (*hereinafter referred to as "CCIL-SARVAM Rules"*).

### APPLICABILITY

1. The provisions of the CCIL-SARVAM Rules, whether in full/part shall be made applicable as notified by Clearing Corporation from time to time
2. The portions of the CCIL-SARVAM Rules marked as ' █████ ' or '[RESERVED]' shall become effective as and when notified by Clearing Corporation.
3. These CCIL-SARVAM Rules (*including any notifications, procedures, circulars issued under it*) shall be applicable and binding on all Members admitted to the SARVAM platform.
4. These CCIL-SARVAM Rules shall remain in force unless explicitly stated to the contrary.
5. The interpretation, construction and effect of the CCIL-SARVAM Rules shall be governed and construed in harmony and in accordance with the Applicable Laws.
6. These CCIL-SARVAM Rules may be reviewed and modified by Clearing Corporation as per the procedure laid down in Chapter [III – The Board and its Powers] of these CCIL-SARVAM Rules.

## CHAPTER II: DEFINITIONS

The following terms used in these CCIL-SARVAM Rules shall have the meanings therein specified for the purpose of these Rules.

- 1. APPLICABLE LAW**  
“Applicable Law” shall mean any applicable statute, legislation, law, ordinance, regulation, rule and other instruments in force from time to time, which are applicable to SARVAM.
- 2. APPROVING AUTHORITY**  
“Approving Authority” shall mean and include a committee of directors and / or the Managing Director of Clearing Corporation or any authority appointed by the Board from time to time.
- 3. ADMIN USER**  
“Admin User” shall have the same meaning assigned to it in Paragraph [3(vi) of Chapter VI – Trade Reporting and Processing] of these CCIL-SARVAM Rules.
- 4. BOARD**  
“Board” means board of directors of The Clearing Corporation of India Ltd.
- 5. BUSINESS DAY**  
“Business Day” refers to the Trades to which it relates and shall mean a calendar day when Clearing Corporation is open for conduct of business in that Trade.
- 6. CASH**  
“Cash” means Indian Rupee (INR).
- 7. CENTRAL COUNTERPARTY**  
“Central Counterparty” means an entity that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the performance of open contracts.
- 8. CCIL- TR**  
“CCIL- TR” means the Clearing Corporation Trade Repository notified by RBI as designated trade repository under the Payment and Settlement Systems Act, 2007.
- 9. CCIL’S REPORT BROWSER**  
“CCIL’s Report Browser” means a central repository of reports where Member (s) may access and/or download all the day end reports.
- 10. CLEARING CORPORATION OR CCIL**  
“Clearing Corporation” or “CCIL” means The Clearing Corporation of India Ltd. as registered under the Companies Act, 1956 and validly existing under the Companies Act, 2013 (as amended from time to time).

**11. CLOSE-OUT NETTING**

“Close-Out Netting” means a process involving termination of obligations under a Qualified Financial Contract with a party in default and subsequent combining of positive and negative replacement values into a single net payable or receivable in accordance with the Netting Act.

**12. CREDIT SUPPORT ANNEX OR CSA**

“Credit Support Annex” or “CSA” means the contract between a Member and its Counterparty that provides for the terms of exchange of Margins.

(The CSA is developed by the International Swaps and Derivatives Association (ISDA), executed for exchange of Variation Margin (VM-CSA) and Initial Margin (IM-CSA)

**13. CONSOLIDATED GROUP**

“Consolidated Group” means a group within the meaning of Indian Accounting Standard (Ind AS) 110 – Consolidated Financial Statements, or International Financial Reporting Standards (IFRS) 10 – Consolidated Financial Statements or any other equivalent accounting standards.

**14. COLLATERALISE TO MARKET**

“Collateralise to Market” means an approach to the exchange of Variation Margin wherein the exchanged margin is characterised as collateral to secure the current mark-to-market exposure between the parties to a derivative contract.

**15. CREDIT DERIVATIVE**

“Credit Derivative” means a derivative contract whose value is derived from the credit risk of an underlying debt instrument, as specifically governed by Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 as amended from time to time.

**16. COUNTERPARTY**

“Counterparty” means the other party with whom a Member has entered into a Trade.

**17. COVERED ENTITIES**

“Covered Entities” means such entities who are required to exchange Initial Margin and Variation Margin based on the criteria specified under the Governing Directions, as amended from time to time.

**18. CSGL ACCOUNT**

“CSGL Account” means Constituent Subsidiary General Ledger Account opened and maintained by Clearing Corporation with Public Debt Office, RBI under the Government Securities Act, 2006, as amended from time to time.

**19. CURRENT ACCOUNT**

“Current Account” means current account(s) opened and maintained by Members and/or Clearing Corporation with the Deposit Accounts Department of RBI.

**20. CUT OFF TIME**

“Cut-Off Time” means with respect to various activities the deadline prescribed by Clearing Corporation.

**21. DEFAULT**

“Default” means the failure by a Member to honour its obligations in terms of these CCIL-SARVAM Rules and/or any other agreement with the Clearing Corporation.

**22. DERIVATIVE**

“Derivative” shall have the same meaning as assigned to it in Section 45U(a) of the RBI Act.

**23. ELIGIBLE COLLATERAL**

“Eligible Collateral” means the collateral eligible to be provided by the Members for exchange of Variation Margin and/or Initial Margin in accordance with the Governing Directions.

**24. ELIGIBLE TRADES**

“Eligible Trades” means the following Trades for which the Modules shall facilitate access to SARVAM:

- (i) Foreign Exchange Derivatives;
- (ii) Interest Rate Derivatives;
- (iii) Credit Derivatives; and
- (iv) Any other OTC Derivative in nature of NCCDs as may be notified by Clearing Corporation of India Ltd. from time to time.

**25. EVENT OF DEFAULT**

“Event of Default” means failure to pay or deliver or honour the obligations of a Qualified Financial Contract, or bankruptcy, or any other event as may be provided for under these CCIL-SARVAM Rules.

**26. EARMARKED TRADE**

“Earmarked Trade” shall mean the Trades identified by the Member which shall be earmarked for the Margin calculations and exchange of Margin.

**27. END OF THE DAY**

“End of the Day” means the time notified by Clearing Corporation in Indian Standard Time on a Business Day for calculating the Margin.

**28. FINANCAL SECTOR REGULATOR**

“Financial Sector Regulator” refers to the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and the Pension Fund Regulatory and Development Authority (PFRDA).

**29. FEMA**

“FEMA” means Foreign Exchange Management Act, 1999 (42 of 1999), as amended from time to time.

**30. FOREIGN EXCHANGE DERIVATIVE**

“Foreign Exchange Derivative” means a financial contract which derives its value from the change in the exchange rate of two currencies at least one of which is not Indian Rupee or which derives its value from the change in the interest rate of a foreign currency and which is for settlement at a future date, i.e. any date later than the spot settlement date, provided that contracts involving currencies of Nepal and Bhutan shall not qualify under this definition and whose terms are governed by the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 and Master



Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time.

**31. GOVERNING DIRECTIONS**

“Governing Directions” for the purpose of these CCIL-SARVAM Rules shall mean and include the following directions (as may be amended or replaced from time to time) relating to margining for NCCDs:

- (i) Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022, issued by RBI;
- (ii) Circular on Margin for Derivative Contracts dated February 15, 2021, issued by RBI;
- (iii) Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2022, issued by RBI; and
- (iv) such other directions as may be issued by RBI in relation to margining for OTC derivative transactions.

**32. GOVERNMENT SECURITIES OR G-SECS**

“Government Securities” or “G-Secs” shall have the same meaning as defined under the Government Securities Act, 2006 (38 of 2006).

**33. GILT ACCOUNTS**

“GILT Account” means an account for holding Government Securities opened and maintained by an entity or a person with an entity permitted by RBI to operate CSGL Account with the Public Debt Office of RBI.

**34. HAIRCUT**

“Haircut” refers to the difference between the market value of securities and its collateral value.

**35. INTEREST RATE DERIVATIVES**

“Interest Rate Derivatives” is a financial derivative contract whose value is derived from one or more interest rates, prices of interest rate instruments, or interest rate indices and whose terms are governed by Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, as amended from time to time.

**36. INITIAL MARGIN**

“Initial Margin” means the Collateral that is collected to cover the potential future exposure that could arise from future changes in the market value of a derivative contract during the time it takes to close out and/or replace the position in the event of a counterparty default.

**37. ISDA**

“ISDA” refers to International Swaps and Derivatives Association, Inc.

**38. ISDA MASTER AGREEMENT**

“ISDA Master Agreement” is an internationally agreed document published by ISDA which is used to provide certain legal and credit protection for parties who enter into OTC derivatives transactions.

**39. ISDA STANDARD INITIAL MARGIN MODEL or ISDA SIMM**

“ISDA Standard Initial Margin Model” or “ISDA SIMM” means the standard initial margin model formulated by ISDA for calculation of Initial Margin for NCCDs, as updated from time to time.

**40. INSOLVENT PARTY**

“Insolvent party” means the party to a qualified financial contract in relation to which insolvency, winding up, liquidation, resolution, administration or similar proceedings have been instituted under any law for the time being in force in India or under the laws of any other country, including of its incorporation.

**41. LEGAL ENTITY IDENTIFIER**

“Legal Entity Identifier” means a unique identity code assigned to a person or an entity by an issuer for the purpose of identifying that person or entity in such derivatives or financial transactions, as may be prescribed by RBI from time to time

**42. MANAGING DIRECTOR**

“Managing Director” means the managing director of Clearing Corporation..

**43. MARGIN**

“Margin” means the amount, form and type of Collateral required as a performance bond for the purchase, sale or carrying of a Qualified Financial Contract and includes Initial Margin and Variation Margin.

**44. MARGIN CALL**

“Margin Call(s)” means the demand made by Clearing Corporation on a Member towards fulfillment of its obligation under these CCIL – SARVAM Rules.

**45. MARGIN SHORTFALL**

“Margin Shortfall” is the deficiency in the margin amount which the Member is required to furnish to Clearing Corporation towards its bilateral margin obligations in accordance with these CCIL-SARVAM Rules.

**46. MATCHING**

“Matching” refers to the process of ensuring that the primary economic terms reported by the parties to a contract are identical.

**47. MARGINING AND MARGIN MAINTENANCE MODULE OR MMM MODULE**

“Margining and Margin Maintenance Module” or “MMM Module” means the functionalities/services provided to the Members as part of SARVAM and more particularly specified in Chapter IV-Services of these CCIL-SARVAM Rules.

**48. MEMBER**

“Member” is an entity admitted as such by Clearing Corporation under these CCIL-SARVAM Rules.

**49. MEMBERSHIP APPLICATION FORM**

“Membership Application Form” means the form, in the format prescribed by Clearing Corporation, which is to be submitted by entities desirous of availing SARVAM services in accordance with Chapter V- Membership of these CCIL-SARVAM Rules.

**50. MODULE**

“Module” refers to the various services provided by Clearing Corporation under SARVAM, as notified from time to time and includes Valuation Module, MMM Module and Risk Analytics Module.

**51. NETTING**

“Netting” means determination of net claim or obligations after setting off or adjusting all the claims or obligations based or arising from mutual dealings between the parties to Qualified Financial Contracts and includes Close-Out Netting.

**52. NETTING AGREEMENT**

“Netting agreement” means an agreement as defined under the Netting Act, as amended from time to time.

**53. NETTING ACT**

“Netting Act” means the Bilateral Netting of Qualified Financial Contracts Act, 2020 (30 of 2020), as amended from time to time.

**54. NON-CENTRALLY CLEARED DERIVATIVES OR NCCDS**

“Non-Centrally Cleared Derivatives” or “NCCDs” mean derivative contracts which is not settled through a Central Counterparty.

**55. NON-RESIDENT**

“Non-resident” means and includes a ‘person resident outside India’ as defined in Section 2(w) of the FEMA.

**56. NOTIFICATION, NOTICE OR COMMUNICATION**

The words “Notification”, “Notice” or “Communication” mean any intimation that may be served on a Member at its business address and/or its last known address in any one or more or all of the following ways:

- (i) delivering it by post;
- (ii) sending it by registered post;
- (iii) sending it under certificate of posting;
- (iv) sending it by express delivery post / courier services;
- (v) affixing it on the door at the last known business and/or last known address;
- (vi) oral communication;
- (vii) advertising it atleast once in any prominent daily newspaper;
- (viii) notification on Clearing Corporation’s website;
- (ix) posting a message through Clearing Corporation’s member report server;
- (x) an electronic mail or fax or any other electronic network;
- (xi) any other accepted mode of communication as notified by Clearing Corporation;

Any communication sent by Clearing Corporation to the Members shall be deemed to have been properly delivered or served, if the same is sent to the ordinary business address and/or ordinary place of residence and/ or last known address of the Member in any one or more of the ways mentioned above.

**57. NON-INSOLVENT PARTY**

“Non-insolvent party” means the party to a qualified financial contract that is not the insolvent party.

**58. OVER-THE-COUNTER (OTC) DERIVATIVE**

“Over-The-Counter (OTC) derivative’ means a derivative (deliverable and non-deliverable) other than those which are traded on exchanges and shall include those traded on electronic trading platforms (ETPs).

**59. PORTFOLIO**

“Portfolio” in relation to Trades means a bundle of all Trades of similar nature and includes portfolio of ‘Credit Derivatives’ or ‘Foreign Exchange Derivatives’ or ‘Interest Rate Derivatives’, etc, as the case may be.

**60. PORTFOLIO COMPRESSION**

“Portfolio Compression” is a way to (i) reduce the number of outstanding contracts (and therefore gross notional amounts) in OTC derivative portfolios without significantly altering the risk profiles of the portfolios of individual participants and (ii) involves identification of economically redundant trades for early full or partial termination subject to the parameters defined by the individual participants of the exercise.

**61. QUALIFIED FINANCIAL CONTRACT OR QFC**

“Qualified Financial Contract” or “QFC” shall have the same meaning as assigned to it in the Netting Act.

**62. QUALIFIED FINANCIAL MARKET PARTICIPANT**

“Qualified financial market participant” shall have the same meaning as assigned to it in the Netting Act.

**63. RBI ACT**

“RBI Act” refers to Reserve Bank of India Act, 1934, as amended from time to time.

**64. RELATED PARTIES**

“Related Parties” shall have the same meaning as assigned to it under Indian Accounting Standard (Ind AS) 24 – Related Party Disclosures or International Accounting Standard (IAS) 24 – Related Party Disclosures or any other equivalent accounting standards.

**65. RESIDENT**

“Resident” means and includes a ‘person resident in India’ as defined in Section 2(v) of the FEMA.

**66. RESIGNATION REQUEST DATE**

“Resignation Request Date” shall have the meaning assigned to it under Paragraph [5.1 (ii)] of Chapter V -Membership of these CCIL-SARVAM Rules.

**67. RISK ANALYTICS MODULE**

“Risk Analytics Module” means the functionalities/services provided to the Members to analyse the risk of their Portfolio, based on risk factors, as part of SARVAM and more particularly specified in Chapter IV- Services of these CCIL-SARVAM Rules.

**68. SERVICE FOR ANALYSIS OF RISK, VALUATION AND MARGINING RULES OR SARVAM**

“Service For Analysis of Risk, Valuation And Margining Rules” or “SARVAM” is a solution/service

provided by Clearing Corporation which provides valuation services; calculation of the margin requirements including Initial Margin and Variation Margin; and collateral management and risk analytics for NCCDs as per the guidelines and the Governing Directions issued by RBI and more particularly specified in these CCIL-SARVAM Rules.

**69. SARVAM ID**

“SARVAM ID” refers to the unique identification code allotted to each Member of Clearing Corporation under these CCIL-SARVAM Rules to establish the identity and includes Membership ID wherever referred herein.

**70. SGL ACCOUNT**

“SGL Account” means Subsidiary General Ledger Account(s) opened and maintained by Members and/or Clearing Corporation with the Public Debt Office of RBI, under the Government Securities Act, 2006, as amended from time to time.

**71. SHUT PERIOD**

“Shut Period” refers to the period during which no transactions are permitted to facilitate corporate actions such as payment of periodical interest, redemptions etc.

**72. SETTLE TO MARKET**

“Settle to Market” means an approach to the exchange of Variation Margin wherein the exchanged margin is deemed to settle the current mark-to-market exposure between the parties to a derivative contract, with no right to reclaim and no obligation to return the Variation Margin. After the settlement, the mark-to-market exposure between the parties is reset to zero.

**73. SECURITIES**

“Securities” means G-Secs and any other securities notified by Clearing Corporation in accordance with the Governing Directions.

**74. STANDARD APPROACH MODEL**

“Standard Approach Model” means the Initial Margin model, based on the standardized risk factors prescribed by RBI to calculate Initial Margin under the Governing Directions.

**75. STANDARDISED COMMON RISK INTERCHANGE FILE FORMAT**

“Standardised Common Risk Interchange File Format shall mean the standard template used to report risk and/or sensitivity data.

**76. STANDARD MARKET DATA SOURCE**

“Standard Market Data Source” means the data source available to provide market data as relevant to SARVAM.

**77. TRADE/ TRANSACTION/ DEAL**

“Trade/Transaction/ Deal” means such OTC Derivatives products which Members are permitted to trade, in accordance with Applicable Law.

**78. [RESERVED]**

**79. TRADE REPOSITORY OR TR**

“Trade Repository” or “TR” means a person who is engaged in the business of collecting, collating, storing, maintaining, processing or disseminating electronic records or data relating to such derivatives or financial transactions, as may be specified by RBI from time to time.

**80. VALUATION**

“Valuation” for a QFC means the fair value arrived at, based on the current market rates basis the Valuation Model.

**81. VALUATION MODULE**

“Valuation Module” means the functionalities/services provided to the Members as part of SARVAM and more particularly specified in Chapter-IV Services of these CCIL-SARVAM Rules.

**82. VARIATION MARGIN OR VM**

“Variation Margin” or “VM” means the Collateral that is collected or paid to reflect the current mark-to-market exposure resulting from changes in the market value of a derivative contract.

**83. [RESERVED]**

**84. USER INTERFACE (UI)**

“User Interface” or “UI” is the point of human-computer interaction and communication in a device.

The terms defined above shall mean the same when used in lower case in these CCIL-SARVAM Rules, unless the context indicates otherwise. The terms not defined in these CCIL-SARVAM Rules would have the same meaning if defined under RBI Act (including the Governing Directions) or The Netting Act or regulations, notifications, circular etc. thereunder issued, amended or as may be replaced from time to time.

### CHAPTER III: THE BOARD AND ITS POWERS

1. The Board is empowered to organize, maintain, control, manage and facilitate the operations relating to SARVAM.
2. The Board is empowered to make rules or regulations from time to time, for all or any matters relating to SARVAM, in accordance with the extant guidelines/directions issued by RBI from time to time and perform all such acts and things as are necessary for the purpose of smooth and efficient functioning of SARVAM.
3. The Board or Approving Authority, to whom powers have been delegated by the Board, is empowered to add, vary, amend, repeal all and/or any of the CCIL-SARVAM Rules or make any other rules or regulations relating to SARVAM and such addition, variation, amendment, repeal of the CCIL-SARVAM Rules or any other rules or regulations shall, upon notification to the Member(s), be deemed to have been accepted by the Member(s).
4. The Board is empowered to delegate, from time to time, to the Approving Authority or to the executive committee(s) or any other committee(s), such of the powers vested in it and on such terms as it may think fit, to manage all or any of the affairs of Clearing Corporation relating to SARVAM and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
5. The Board or any Committee of the Board, to whom powers have been delegated by the Board, is empowered to add, vary, amend, repeal all and/or any of these CCIL- SARVAM Rules and such addition, variation, amendment, repeal of these CCIL- SARVAM Rules shall, upon Notification to Members, be deemed to have been accepted by the Members.

## CHAPTER IV: SERVICES

Clearing Corporation shall enable the following Modules for Eligible Trades under SARVAM:

1. Valuation Module
2. Margining and Margin Maintenance Module
3. Risk Analytics Module

### 1. VALUATION MODULE

The Valuation Module enables Members with the functionalities/services which includes access to the system that enables 'Valuation' for OTC Derivative Trades.

### 2. MARGINING AND MARGIN MAINTENANCE MODULE

The Margining Module enables Member(s) with the following functionalities/services:

#### 2.1. [RESERVED]

#### 2.2. Variation Margin Services

- (i) Counterparty wise computation of Variation Margin of the Member(s)' portfolio.
- (ii) Enables workflow towards initiation of Margin Calls for Variation Margin based on the CSA entered between the Member and its Counterparty(ies).
- (iii) Platform enabling reconciliation of differences in relation to Variation Margin *vis-à-vis* its counterparties.
- (iv) [RESERVED]

### 3. RISK ANALYTICS MODULE

The Risk Analytics Module enables Members with the following functionalities/services:

- (i) Analytics Infrastructure
- (ii) Scenario-based risk views
- (iii) Drill-down on Scenario, Profit and Loss Results and Risk Factors
- (iv) Profit & Loss
- (v) Greeks and Sensitivities
- (vi) Customizable reports/views.



## CHAPTER V: MEMBERSHIP

### 1. MEMBERSHIP

#### 1.1. Eligibility Criteria

Entities seeking membership to SARVAM shall:

- (i) be eligible to undertake trades in OTC Derivatives, in accordance with the Governing Directions, as amended from time to time.
- (ii) have appropriate processes to manage the risks associated with such transactions.
- (iii) not have any pending order of disqualification by any statutory/regulatory authority or an order of similar effect.

#### 1.2. Additional criteria for Margining and Margin Maintenance Module

Entities eligible under Paragraph 1.1 of this Chapter shall also fulfill the following requirements:

- (i) Entities shall have a Current Account with Reserve Bank of India/bank and /or have a SGL/CSGL/Gilt Account with RBI/Clearing Corporation. Provided however that, Clearing Corporation may relax the requirement of the maintenance of Current Account and/or SGL Accounts in respect of the Members.

### 2. APPLICATION FOR MEMBERSHIP

- (i) Entities desirous of availing the services mentioned in the Chapter IV – Services of these CCIL-SARVAM Rules, shall seek membership to Clearing Corporation's SARVAM by submitting a Membership Application Form post approval of its board of directors/ appropriate authority delegated by its board of directors / governing authority.
- (ii) The Membership Application Form along with charges/fees and/or other documentation, if any, as may be notified by Clearing Corporation in this respect, shall be duly signed by the authorized signatories of the entity. A copy of the requisite authority document shall be provided, on demand to Clearing Corporation.
- (iii) The entity seeking membership shall provide official email-ids or email address(es) of authorized officials which can be relied upon for official communication or conveyance of business related information. Clearing Corporation shall not be responsible for any consequences arising due to delayed or undelivered communication provided by the entity seeking membership.
- (iv) Every entity seeking membership shall provide information that is correct, true and complete in all respects. If any information and/or statement is found to be intentionally presented as false, incorrect, or if there is a breach of undertaking, or condition of admission to membership, Clearing Corporation may take action, as deemed appropriate, against the entity.

- (v) The eligible entity shall complete all documentation including any Know-Your-Customer (KYC) formalities under Applicable Law, as may be prescribed for membership by Clearing Corporation.

### **3. SARVAM ID**

- (i) Each successful applicant admitted as a Member to Clearing Corporation's SARVAM shall be assigned a unique SARVAM ID which shall be incorporated by the entity in all services related to SARVAM.
- (ii) The list of Members enrolled in CCIL- SARVAM shall be made available on the Clearing Corporation's website and shall be updated from time to time.

### **4. TERMS AND CONDITIONS OF MEMBERSHIP:**

- (i) Member(s) shall ensure that all regulatory requirements are being duly complied with.
- (ii) Any winding up proceedings or any other form of corporate restructuring including but not limited to merger, amalgamation, absorption with another company or any other such event shall be promptly communicated to Clearing Corporation in writing.
- (iii) Member(s) shall ensure that adequate internal control and systems are put in place to ensure that data integrity and confidentiality are maintained and other related aspects are duly complied with.
- (iv) Clearing Corporation shall have the right to use or retain the information received from the Members for providing data to RBI or any other authority, in accordance with Applicable Law(s).
- (v) No Member shall be entitled to agitate or take any dispute to any forum except as provided in Chapter [XI] - Dispute Resolution of the CCIL-SARVAM Rules.

### **5. EXIT FROM SARVAM SERVICES**

#### **5.1. Discontinuation of Valuation Module and Risk Analytics Module**

##### **A Member:**

- (i) who has only availed the Valuation Module or Risk Analytics Module as the case maybe, may exit by giving 2 Business Days of notice in writing to the Clearing Corporation clearly indicating its decision to discontinue its membership to SARVAM.
- (ii) The notice shall be effective on the Resignation Request Date, which for the purpose of the Valuation Module and Risk Analytics Module shall be the date on which such written notice is received by Clearing Corporation when delivered by such Member in person or by courier, or by a registered mail (with a return receipt requested) ("**Resignation Request Date**").
- (iii) Such request for discontinuation shall be approved by the Managing Director or Approving Authority or by an official so authorized by the Managing Director or Approving Authority and the resignation shall come into effect from such date of approval (**Resignation Approval Date**)

#### **5.2. Discontinuation of Margining and Margin Maintenance Module**

- (i) A Member who has availed the Margining Module and Margin Maintenance Module

may exit by giving 2 Business Days of notice in writing to the Clearing Corporation clearly indicating its decision to discontinue from the Margining Module and Margin Maintenance Module of SARVAM. The notice shall be effective on the Resignation Request Date.

- (ii) Such request for discontinuation shall be approved by the Managing Director or Approving Authority or by an official so authorized by the Managing Director or Approving Authority and the resignation shall come into effect from Resignation Approval Date.
- (iii) A Member resigning under 5.2 (i) above shall satisfy either of the following conditions:
  - a) Close all its outstanding Trades for which Margins have been exchanged with its Counterparties or
  - b) All bilateral Counterparties of the Member shall have agreed to settle their respective Margin(s) with the said Member, outside SARVAM.
- (iv) Clearing Corporation shall promptly notify other Members of this Module about the discontinuation of the MMM Module service by the aforementioned Member.
- (v) Member's request for discontinuation shall be rejected if Trades for which Member's Collateral has been posted, are outstanding in favor of any of its Counterparty. Similarly no Counterparty's Collateral posted shall be outstanding in favor of such resigning Member.

### **5.3 Cessation of Membership**

A Member shall cease to be a Member of SARVAM by its:

- (i) expulsion in accordance with the provisions contained in these CCIL-SARVAM Rules after a 14 (fourteen) days' notice in writing to the Member and under advise from RBI;
- (ii) voluntary or compulsory winding up of the Member;
- (iii) failing to adhere to any of the membership conditions/criteria to which it has been admitted as a Member after a reasonable notice in writing to the Member and under advise from RBI.

## CHAPTER VI: TRADE REPORTING AND PROCESSING

### 1. RIGHTS AND RESPONSIBILITIES OF MEMBERS

- (i) The Member(s) desirous of obtaining access to a specific Module and the services therein shall provide the trade data as may be specified by Clearing Corporation from time to time.
- (ii) The reporting channels, connectivity mode, technical specifications thereof, and terms for reporting Trades shall be notified by Clearing Corporation from time to time.
- (iii) The Member(s) shall be governed by the procedures stipulated by Clearing Corporation for submitting the Trades to Clearing Corporation.
- (iv) Members of SARVAM, who are also Members of CCIL-TR services, may request the integration of trade data as provided to CCIL-TR. Such request for integration shall be forwarded to CCIL-TR.
- (v) Where an approval from CCIL-TR is received for such integration referred in (iv) above, only such Trades having a matched status in CCIL- TR, shall be considered for further processing in SARVAM.
- (vi) Members (who are not members of CCIL-TR) may report the Trades directly to SARVAM platform in any of the following modes:
  - (a) Front end screen based UI
  - (b) Bulk upload through Excel/CSV
  - (c) any other reporting channel as may be notified by Clearing Corporation.
- (vii) Trades within the cut-off time as notified by Clearing Corporation shall be considered for Valuation/Margining on the same day.
- (viii) Trades reported beyond the cut-off time shall be considered on the next Business Day.
- (ix) Clearing Corporation reserves the right to make changes to the data structure with due notice to Member(s).
- (x) Members shall be responsible to identify counterparties to their Trades which would be taken up for the margin calculations and exchange of collateral..
- (xi) CSA capture functionality would be provided to the Members for capturing IM and VM CSA, either through front end or bulk upload. As a one-time measure, Clearing Corporation may also facilitate bulk upload of CSAs.
- (xii) Post CSA capture, the Members would be provided with details of the CSA captured in the system. Members shall be responsible for the correctness of the CSA details uploaded by Clearing Corporation on behalf of the Members. Clearing Corporation shall not be held responsible and liable for any mismatch in CSA terms captured in SARVAM.

### 2. RIGHTS AND RESPONSIBILITIES OF MEMBERS

- (i) A Member and/or any of its employees shall not have any right, title or interest in respect of SARVAM, its facilities, software and the information provided by Clearing Corporation.
- (ii) A Member [and/or any of its users] shall not be permitted to:
  - (a) Download market data from the Module of SARVAM
  - (b) use the software/services provided by Clearing Corporation for any purpose other than those specified and approved by Clearing Corporation

- (c) Use the software/services provided by Clearing Corporation on any equipment other than that installed/accessed in its official premises from where its operations are conducted;
- (d) copy, alter, modify or make available to any other entity or person, the software provided by Clearing Corporation
- (e) use the software in any manner other than as specified by Clearing Corporation
- (iii) The intellectual property rights of such software and related intellectual property shall be with Clearing Corporation and any unauthorized use of the same shall be treated as infringement and shall invite appropriate legal action.
- (iv) 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 Clearing Corporation's SARVAM or the information provided by it except with the explicit approval of Clearing Corporation.

### 3 **REPORTS**

- (i) Details of the valuation, margin, collateral and risk analytics shall be provided to Member(s) in the form of reports.
- (ii) Clearing Corporation shall notify the types and frequency of reports that may be made available to Members.
- (iii) Clearing Corporation shall, at its discretion, decide the mode and manner of delivery/ receipt of reports to/from its Members.
- (iv) Clearing Corporation shall have the discretion to make changes in the report formats as and when it may consider necessary from time to time.
- (v) Access to the reports shall be provided only to the authorised officials of the Member(s)
- (vi) For the purpose of (v) above, each Member shall nominate an authorized person ("**Admin User**") who shall be responsible for creating, managing, assigning roles/access privileges to other users in their organization .
- (vii) Members shall indemnify Clearing Corporation and its officials against any form of losses, damages, penalties, liabilities and/or consequences arising out of the unauthorised access to the Clearing Corporation Report Browser by any of its officials or misuse of their IDs / passwords by any other person;
- (viii) Member shall check the information in the reports made available through the Clearing Corporation's Report Browser on a daily basis. Members shall take corrective action to rectify any discrepancies.
- (ix) Any discrepancies shall be reported to Clearing Corporation as soon as possible and in any event, not later than the time notified by the Clearing Corporation. If no such discrepancy is reported within the specified time, the reports provided by the Clearing Corporation shall be deemed to be correct.

**1. MARGINING**

- (i) Based on the Trades reported and received from the CCIL-TR at a cut-off time as notified by Clearing Corporation and the bilateral CSA captured in the SARVAM system, in accordance with Chapter VI- Trade Reporting and Processing of these CCIL-SARVAM Rules, Clearing Corporation shall offer undernoted services under the MMM Module:
  - (a) Calculation of trade wise valuation
  - (b) Counterparty wise VM
  - (c) **[RESERVED]**
  
- (ii) It shall be the responsibility of the Members to declare their Counterparties who would be the Covered Entities for the purposes of the MMM Module. For operational ease, Clearing Corporation may facilitate recording of such declarations at a centralised place and publish a list of Covered Entities on Clearing Corporation's website for operational ease to all the Members.

**1.1. Margining Services for Variation Margin:**

The purpose of VM exchange is to fully Settle to Market/Collateralize to Market, the mark-to-market exposure of an NCCD contract.

Clearing Corporation shall calculate VM :

- (i) on a daily basis
- (ii) on an aggregate net basis, across all NCCD contracts that are executed under a single, legally enforceable Netting Agreement.
- (iii) Variation Margin shall be calculated on the portfolio of trades reported till a cut off time and the report of such counterparty wise margin shall be made available on the next business day (T+1 -day, where T is the transaction reported day) at BOD by the time notified by the Clearing Corporation.
- (iv) Margins thereof shall be exchanged at T+ 2 day.
- (v) Threshold amount and minimum transfer amount can be agreed upon between both the counterparties and defined in the CSA.

**1.2. [RESERVED]**

**1.3. CSA Management**

- (i) Even after becoming Member of SARVAM, the terms and conditions of the exchange of Collateral as mentioned in CSA entered between the Member and its Counterparty will remain unchanged including the type of Collateral accepted by both the Counterparties.
- (ii) Members joining SARVAM authorize Clearing Corporation to act as their Valuation Agent under these CCIL SARVAM-Rules, for ████ VM ████ calculations.
- (iii) Members would be required to capture VM ████ CSA with Clearing Corporation in terms of Chapter VI- Trade Reporting and Processing of these CCIL-SARVAM Rules.

#### **1.4. Market Data for Margining Services**

- (i) Clearing Corporation shall source market data required for Valuation from Standard Market Data Source for all the product classes at the time as notified by Clearing Corporation. Mid rates for all such data shall be used for Valuation and sensitivity calculations.
- (ii) In the event that market data for any product is not available for that day, Clearing Corporation shall follow the waterfall method for selecting the market data as notified by Clearing Corporation.
- (iii) Clearing Corporation may source real time data for valuation, margining, scenario/ what if analysis, risk and analytic purposes.
- (iv) Clearing Corporation shall endeavor to build functionalities to value/calculate sensitivities for new products/trades as soon as possible after it receives such information. However, , until such capabilities have not been developed and deployed, Members may compute margin on bilateral basis for such new products/trades and advise Clearing Corporation for inclusion of such trades to the already existing Portfolio for margin computation.

**2 [RESERVED]**

**3 [RESERVED]**





## CHAPTER IX: INDEMNITY AND LIMITATION OF LIABILITY

### 1. INDEMNITY

- (i) Without prejudice to the other rights and remedies available to the Clearing Corporation, a Member shall indemnify and keep indemnified, Clearing Corporation or its employees or its agents against any loss/ damage suffered by Clearing Corporation in providing the services by Clearing Corporation to the Member or any other loss, damage, cost, expenses (including reasonable attorney fees) arising from a Member's default, misconduct or negligence on the part of the Member or any employee, agent, servant or representative of the Member. This shall be a continuing indemnity notwithstanding cessation of membership.
- (ii) Save as otherwise provided in these CCIL-SARVAM Rules, Clearing Corporation shall hold harmless its Members against any defaults on part of Clearing Corporation in relation to the services under the SARVAM.

### 2. LIMITATION OF LIABILITY

- (i) Clearing Corporation shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any security or any document passing through Clearing Corporation and shall not in any manner whatsoever be and/ or deemed to be associated and/ or responsible for the underlying transactions of the relative Trades.
- (ii) The only obligation of Clearing Corporation shall be to facilitate services that are notified under these CCIL-SARVAM Rules and that are availed by the Members. Provided that no claim, liability and/ or responsibility shall rest with Clearing Corporation and/ or any of its officials in the event of any delay in Valuation/ computation of Margins, assigning/ segregation/ transfer of collateral settlement and/ or other related services that are facilitated by Clearing Corporation for reasons beyond the scope and control of Clearing Corporation or on account of any technical glitch or any issues that may be faced by Members.
- (iii) The Member shall maintain all necessary infrastructure so as to connect to the services that are offered under CCIL-SARVAM and shall solely be responsible for the same.
- (iv) No failure or delay on the part of Clearing Corporation in the exercise of any power, right or privilege here under shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude Clearing Corporation from further exercise thereof.
- (v) Clearing Corporation shall not be liable for any unauthorized deals reported by the Member that may be reported for availing the services that are offered under CCIL-SARVAM.
- (vi) Clearing Corporation shall not be liable for any unauthorized deals reported by any unauthorised users having access to the Member's infrastructure or credentials.
- (vii) Clearing Corporation will not be liable for all its bonafide acts, and accordingly no claim can be preferred against it for such acts. Furthermore, no action shall lie against Clearing Corporation, its directors, employees, its officers or any of its authorized person(s) for all their acts in good faith on behalf of Clearing Corporation.
- (viii) Clearing Corporation shall not be held responsible or liable for any consequences arising out of failure of computer systems, telecommunication network and other equipment installed at the Member's end.
- (ix) Clearing Corporation shall also not be liable for failure or breakdown of its systems or power

outage or any hacking etc., resulting in non-availability of the systems, its SARVAM services and/or delay in completing activities related to SARVAM.

- (x) Clearing Corporation shall also not be responsible for any force majeure event such as act of god, civil commotion, strikes, riots or any other factor beyond its control resulting in non-availability of its systems and/or delay in completing activities related to SARVAM.

## CHAPTER X: GENERAL PROVISIONS

1. Clearing Corporation shall have the full discretion to part with/disclose or disseminate such information relating to the Trades received for CCIL-SARVAM as deemed necessary to Regulator, Governmental, judicial authorities under any law or any investigative or other agencies.
2. The SARVAM Services are provided based on data sourced from various third parties. The Clearing Corporation shall not be liable on account of any errors or incorrect data supply or on account of discontinuation of said data.

## CHAPTER XI : DISPUTE RESOLUTION

### A. DISPUTE BETWEEN MEMBER AND ITS COUNTERPARTY

1. All claims, differences or disputes between the Members inter-se arising out of or in relation to dealings, contracts or transactions made subject to CCIL- SARVAM Rules or with reference to anything incidental thereto or in pursuance thereto for relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of as to such dealings, transactions and contracts have been entered into or not shall be submitted to Dispute Resolution in accordance with the provisions of these CCIL-SARVAM Rules.
2. In the event of any claims, differences or disputes between the Members is submitted to dispute resolution as set out in Rule 1 above of this Chapter, such claim, difference or dispute shall be referred to the Panel for Resolution of Disputes (PRD) consisting of not less than five Members other than the Members who are parties to the dispute. The decision of the PRD shall be final and binding on the parties to the dispute.
3. Clearing Corporation shall not be made a party to any dispute between the Member and its client.
4. Clearing Corporation may, from time to time prescribe rules for the matters which in the opinion of Clearing Corporation are required to be dealt with in these Rules to facilitate dispute resolution between the Members including the procedure to be followed by the parties in dispute, the procedure to be followed by the PRD in conducting the Dispute Resolution proceedings etc. Clearing Corporation from time to time may amend, modify, alter, repeal, or add to the provisions of the Rules.
5. **PANEL FOR RESOLUTION OF DISPUTES (PRD)**
  - (a) For the purpose of Dispute Resolution, the Clearing Corporation shall by Notification constitute the "Panel for Resolution of Disputes" (PRD) by nominating a four member panel (including Member and non-member), and a senior official/Managing Director/ authorised representative of Clearing Corporation as the fifth member on PRD, who shall be the Chairman of PRD.
  - (b) In case of any dispute involving any Member(s) is/are also member(s) of the PRD, Clearing Corporation shall by Notification replace such member(s) of the PRD by Notification for the limited purpose of looking into such dispute.
  - (c) The tenure of membership of the members in the PRD shall be two year from the date of appointment or as may be notified by the Clearing Corporation from time to time. However, if one or more Office(s) of the member(s) on the PRD falls vacant after the appointment thereto, the Clearing Corporation shall by Notification fill up the vacancy.
6. **PROCEDURE FOR DISPUTE RESOLUTION**
  - (a) The aggrieved Member shall submit a written application in duplicate to Clearing Corporation, at the registered office address of the Clearing Corporation for dispute resolution setting out all the relevant facts of the case along with the requisite documents in support of the same, the dealing segment in which the dispute has arisen and any other additional information.
  - (b) The applicant shall simultaneously send a copy of the application seeking dispute resolution addressed to Clearing Corporation along with its supporting documents to the respondent.

- (c) Upon receipt of the documents from the parties a PRD meeting shall be arranged no later than 7 Business Days from the date of such receipt for the purpose of Dispute Resolution.
- (d) The PRD shall dispose of the dispute within 15 Business Days of submitting the dispute.
- (e) The PRD for the purpose of disposing of the matter may ask for such information/ documents as it may deem necessary from the parties or Clearing Corporation and may give the parties to the dispute an opportunity of being heard, if it deems fit, and for that purpose shall determine the date and time of hearing and shall give notice to all the parties concerned.
- (f) The decision of the PRD shall be in writing and made in three originals duly dated and signed by each of the members on the PRD.

**(7) DISCLOSURE BY PERSONS TO BE APPOINTED AS MEMBERS ON THE PRD**

Every Member who is approached in connection with a possible appointment as a member on the PRD shall disclose to Clearing Corporation in writing any circumstances likely to give rise to justifiable doubts as to 'independence' and 'impartiality' more particularly when a dispute is referred to the PRD. If the person discloses any circumstances which in the opinion of Clearing Corporation are likely to give rise to justifiable doubts as to the independence and impartiality, then such individual, shall not be Member of PRD in respect of such dispute.

**(8) DISCLOSURE BY PERSONS APPOINTED AS MEMBERS OF PRD**

A Member, from the time of appointment on the PRD and throughout the dispute resolution proceedings, shall, without delay, disclose to the parties and Clearing Corporation in writing any circumstances referred to in Rule (7) above which have come to his knowledge after his appointment as a member to the PRD.

**(9) TERMINATION OF TENURE OF THE MEMBER ON THE PRD**

The tenure of a member on the PRD shall terminate:

- (a) if such member withdraws from PRD for any reason; or
- (b) where such member is unable to perform in accordance with these CCIL-SARVAM Rules; or
- (c) on completion of two years or any other term as specified by Clearing Corporation from the date of appointment; or
- (d) such member discloses any circumstances referred to in Rules (7) or (8) above ;

**(10) ADMINISTRATIVE ASSISTANCE**

To facilitate smooth conduct of the dispute resolution proceedings, Clearing Corporation shall provide such administrative assistance as may be necessary for proper conduct of dispute resolution with respect to all claims, differences or disputes which are submitted to PRD as per the provisions of these CCIL-SARVAM Rules,

**(11) VENUE OF DISPUTE RESOLUTION**

All the proceedings in relation to dispute resolutions shall be conducted in Mumbai, unless otherwise specified by Clearing Corporation after consultation in this regard with the PRD.

**(12) ADMINISTRATIVE ASSISTANCE WHICH MAY BE PROVIDED BY THE CLEARCORP**

Clearing Corporation shall:

- (a) Maintain a register of references;
- (b) Receive all applications for dispute resolution and communications addressed by the parties before or during the course of dispute resolution proceedings or otherwise in relation thereto;
- (c) Communicate to the parties all orders and directions of the PRD;

- (d) Receive and record all documents and papers relating to the reference and keep in custody all such documents and papers except such as the parties are allowed to retain;
- (e) Communicate the decision on behalf of the PRD;
- (f) Generally do such things and take all such steps as may be necessary to assist the PRD in the execution of their function.

(13) **JURISDICTION**

All parties to a reference to Dispute Resolution and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai.

**B. DISPUTE BETWEEN MEMBERS AND CCIL**

- (1) Clearing Corporation shall not in any manner recognize nor rely on, any transaction other than those of its own Members i.e. Members shall only be recognized as parties to the Trades.
- (2) Any dispute between the Member and the Clearing Corporation shall be subject to [arbitration (Reserved)].
- (3) All parties to a reference under these CCIL-SARVAM Rules shall submit to the exclusive jurisdiction of the courts in Mumbai and shall be governed by the extant Indian laws, for the purpose of giving effect to the provisions of these CCIL-SARVAM Rules and the services referred herein.

**C. DISPUTE BETWEEN MEMBER AND ITS COUNTERPARTY NOT RELATING TO SARVAM**

- (i) Members shall refer to their Netting Agreement or any other Agreement for any dispute that may arise between Member and its Counterparty.
- (ii) Clearing Corporation shall not be made a party to any dispute between Member and its Counterparty and shall not be held liable for any dispute amongst Member and its Counterparty.
- (iii) Clearing Corporation shall provide necessary assistance (including any relevant information sought in accordance with the [paragraph below] of this Chapter) to any dispute resolution proceedings between the Members.
- (iv) Notwithstanding anything contained in any prior agreement (including but not limited to any master agreement, credit support agreement etc.) the record of Clearing Corporation as maintained by a central processing unit or a cluster of processing units or computer processing units, including the hard/soft copies thereof, or maintained in any other manner including record of telephonic conversations shall constitute conclusive evidence in relation to any Trades/Contract. For the purposes of any dispute, such records as maintained by Clearing Corporation shall constitute conclusive evidence in any dispute or claim between the Members inter-se or between Members and Clearing Corporation.

## **CHAPTER XII: FEES AND CHARGES**

### **1. SCHEDULE OF FEES AND CHARGES**

- (a) The Board or any other committee/authority appointed by the Board or official(s) of Clearing Corporation authorized by the Board in that behalf shall prescribe the scale of fees, charges, levies, fines and/ or penalties payable by Members for services provided by Clearing Corporation from time to time;
- (b) The Board or any other committee appointed by the Board or official(s) of Clearing Corporation authorized by the Board in that behalf shall be empowered to review the various fees, charges, levies, fines and/ or penalties and effect such changes in the same as it considers necessary;
- (c) The tariff, as and when made effective, shall be payable by Members;
- (d) The schedule of such charges shall be notified to the Members from time to time.

### **2. BILLS FOR FEES AND CHARGES**

- (a) Clearing Corporation shall render bills relating to its usual fees and charges for services provided by Clearing Corporation from time to time;
- (b) The periodicity of bills (including the transaction charges) shall be as per the Notification issued by Clearing Corporation;
- (c) Discrepancies, if any, in the bills, shall be notified to Clearing Corporation with all necessary details no later than two Business Days from the date of notification of the relative bill.

### **3. RECOVERY OF CHARGES**

- (a) The Members shall effect payment of the bills and/or transaction charges payable to Clearing Corporation in the manner specified by Clearing Corporation from time to time
- (b) Members shall be liable on delayed payment of charges as per the Notification issued by Clearing Corporation from time to time;
- (c) The payment of fines, and/or other levies shall be payable by the Members' separately as and when such a demand has been made by Clearing Corporation.

### **CHAPTER XIII: SUDDEN EVENT HANDLING**

1. Due to the occurrence of any unforeseen event or circumstance beyond the control of Clearing Corporation, it may be required to abruptly suspend the services related to CCIL-SARVAM by declaration of an unscheduled holiday.
2. In such event, an unscheduled holiday is declared all operations/process related to valuation, margin computation and margin maintenance shall be moved to the next business day and all valuation, margin computation and margin maintenance values of previous day shall be applicable until next Business Day.



## CHAPTER XIV: DISCIPLINARY ACTION, SUSPENSION AND EXPULSION

### 1. DISCIPLINARY ACTION

Clearing Corporation may expel or suspend under censure and/or warn and/or withdraw all or any of the Membership rights of a Member if it is in contravention, non-compliance, disobedience, disregard or evasion of any of these CCIL-SARVAM Rules of Clearing Corporation or of any resolutions, orders, notices, directions or decisions of Clearing Corporation or of any other committee or officer of Clearing Corporation authorised in that behalf or of any conduct, proceeding or method of business which the Board in its discretion deems to be consistent with just and equitable principles or detrimental to the interests, reputation of Clearing Corporation or prejudicial or subversive to its objects and purposes.

### 2. BREACH OF RULES

- (i) Every Member shall be liable to suspension, expulsion or withdrawal of all or any of its membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading any or any resolutions, orders, notices, directions, decisions hereunder of Clearing Corporation, or of the Board, executive committee, Managing Director or any officer of Clearing Corporation.
- (ii) Clearing Corporation may at its discretion charge such penalty as it may deem fit for delayed and/or non-payments of any applicable fees or charges;
- (iii) The Member shall reimburse Clearing Corporation all out of pocket expenses including legal and any other expenditure incurred by Clearing Corporation in connection with a dispute, default or any other activity undertaken by Clearing Corporation with or on behalf of such a Member.

### 3. MEMBERSHIP SUSPENSION

- (i) A Member shall be liable for immediate suspension from Membership upon it:
  - (a) Being suspended from using RBI INFINET;
  - (b) Being suspended from using RBI RTGS;
  - (c) Being suspended from any other business segments of Clearing Corporation or its subsidiaries
  - (d) Being suspended/ordered for suspension from undertaking activity by a regulatory body, court, law enforcement agency or any other statutory body/agency authorized to do so;
  - (e) Being wound up or ordered to be wound up under extant laws or where the winding up has commenced against such Member;
  - (f) Failure to abide by the CCIL- SARVAM Rules.
  - (g) Becoming liable for disciplinary proceedings or such proceedings as are initiated and/or proposed to be initiated against a Member.
- (ii) A Member shall also be liable for immediate suspension of its membership rights for any other cause which in the opinion of Clearing Corporation warrants such suspension; Such suspension may be in force till such time as the same is specifically moved by Clearing Corporation on Clearing Corporation being satisfied that the conditions for suspension no

longer exist.

- (iii) Suspension may be of two types:
  - (a) temporary i.e., for a period of a maximum of seven Business Days or such number of days as may be decided by Clearing Corporation
  - (b) long term i.e., for a period exceeding the one mentioned under(a)above;
- (iv) Upon suspension of membership, Clearing Corporation shall notify such suspension to other Members.
- (v) The Managing Director of Clearing Corporation or a committee of not less than two officials nominated by the Managing Director may disable a Member from accessing the facilities of Clearing Corporation if in the opinion of the Managing Director or the committee of officials circumstances exist warranting disablement pending suspension.
- (vi) Provided that, within 4 hours after such disablement, the Managing Director 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 as may be notified by Clearing Corporation in this respect.
- (vii) Notwithstanding anything contained in any of these CCIL-SARVAM Rules, if a Member is restrained from undertaking any activity including the dealing in derivatives by any regulatory/statutory body, court, such Member shall ipso facto stand suspended from the membership of Clearing Corporation.

#### **4. RECONSIDERATION / REVIEW**

The Board may, on its own or on appeal by the Member concerned, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Member. In like manner, the Board may rescind, revoke or modify a resolution expelling or suspending any Member.

#### **5. CONSEQUENCES OF SUSPENSION**

The suspension of a Member shall among others, have the following consequences:

- (i) Suspension shall be effective immediately upon the Member being notified to that effect by Clearing Corporation unless otherwise specifically mentioned. Upon suspension, Members shall not have access to the services under these CCIL-SARVAM Rules for any new Trades.

However, the suspended Member will continue to be provided the services for its existing Trades. Dues, if any, arising out of actions undertaken by Clearing Corporation for and on behalf of such Member prior to such suspension and for the extant services provided shall continue to be payable by the Member;

- (ii) Suspension of Membership rights

A suspended Member shall during the terms of its suspension, be deprived of and excluded from all rights and privileges of membership for any new Trades. Further, it may be proceeded against by Clearing Corporation for any offence committed by it before suspension in such manner as may be necessary to protect the interest of Clearing Corporation

#### **6. CONSEQUENCES OF EXPULSION**

The expulsion of a Member shall, among others, have the following consequences namely:

- (i) The expelled Member shall forfeit its right of membership to Clearing Corporation and all rights and privileges as a Member of Clearing Corporation.
- (ii) The extant Collateral held with Clearing Corporation on account of such Members shall be returned to the Counterparties and the same shall be managed outside these CCIL-SARVAM Rules in a phased manner so as to avoid any market repercussion.

**1. INCONSISTENCIES**

- (i) Notwithstanding anything contained herein or these CCIL-SARVAM Rules, any direction or circular or rule or guideline issued by RBI under RBI Act or Netting Act or Governing Directions, there under shall be deemed to be part of these CCIL-SARVAM Rules and in the event of any inconsistency with the provisions of these CCIL-SARVAM Rules, such act, direction or circular or rule or guideline shall prevail over the provisions set out in these CCIL-SARVAM Rules.
- (ii) The Rules of Clearing Corporation and all subsequent variations to them shall be subject to, governed by and interpreted in harmony with the RBI Act, Netting Act and Governing Directions thereunder and the laws of India.