

CIRCULAR

Circular Reference Number	AMC Repo/Compliance/2024-25/54
Circular Date	August 27, 2024
Department	Compliance

To
All Members,

Sub: Amendments to AMC Repo Clearing Corporation – Repo Segment Regulations

The provisions contained in the Regulations (Repo Segment) of AMC Repo Clearing Limited (ARCL) are amended to the extent given hereunder:

- 1) Regulation 5.2.2 of “Chapter – V” (Limits and Margins) of Repo Segment Regulations of AMC Repo Clearing Ltd. is modified to provide flexibility in collecting mark to market margin.

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5.2.2.1

Mark-to-Market Margin for Repo segment constitutes the Margin obligation to be fulfilled by a Clearing Member in the event of the value of securities offered by it as Collateral, net of Haircut falling short of the forward leg consideration of the Trades of the said Clearing Member representing its borrowings. The Clearing Member having obligation to pay mark-to-market Margin shall ensure deposit of mark-to-market Margin in the form of securities or any other form as prescribed by clearing corporation, to meet the shortage latest by 8.30 a.m. on the next Business Day or such other time as prescribed by clearing corporation from time to time.

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- 2) The heading of “Chapter – IX” of Repo Segment Regulations of AMC Repo Clearing Ltd. is modified as “Shortage Handling & Defaults” from “Shortage Handling”
- 3) The “Chapter – IX” of Repo Segment Regulations of AMC Repo Clearing Ltd. is updated to include processes pertaining to default management to ensure the shortage handling and default management process is available in a single document.

The following regulations are included in the chapter

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Point B) DECLARATION OF DEFAULT:

9.11 The Clearing Member may be declared a defaulter by direction/circular/notification of the Relevant Authority if:

9.11.1 It is unable to fulfil its clearing or settlement obligations / Failure to replenish its settlement shortage within the stipulated cut off time; or

9.11.2 It admits or discloses its inability to fulfil or discharge its duties, obligations and liabilities; or

9.11.3 It fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against it under the Rules, Bye-Laws and Regulations; or

9.11.4 It fails to pay any sum payable by it to the Core Settlement Guarantee fund as the Relevant Authority may from time to time prescribe; or

9.11.5 it fails to pay or deliver all monies, securities and other assets due to the Clearing Member who has been declared a defaulter within such time of declaration of default of such Clearing Member in such manner and to such person as the Relevant Authority may direct; or

9.11.6 it fails to abide by the arbitration award as laid down under the Rules, Bye-Laws and Regulations; or

9.11.7 A Clearing Member in respect of whom a moratorium is imposed under applicable laws;

9.11.8 A Clearing Member who has been adjudicated an insolvent or opts for voluntary winding up, as the case maybe, under applicable laws, it shall ipso facto be declared a defaulter though it may not have defaulted on any of its obligations on the Clearing Corporation.

9.11.9 under any other circumstances as may be decided by the Relevant Authority from time to time

9.11.10 without prejudice to the foregoing provisions contained in Bye-Law 11.1, where the Clearing Member, who is also a trading member of any Exchange is declared a defaulter by such Exchange, the said Clearing Member shall ipso facto stand declared a defaulter by the Relevant Authority

9.12 Upon declaration of default in terms of para 9.11 above the default will be handled as per the default management procedure as prescribed by Clearing Corporation and also Default Handling Process: In case the defaulter's obligations to Clearing Corporation are not fully recovered, the Default Handling Process in terms of Bye-Law 12.10 shall be initiated by of the Clearing Corporation.

9.13 Unless the context otherwise indicates, for the purpose of this Chapter IX, the word 'Clearing Member' includes the Participants.

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The above amendments have come into force with effect from August 27, 2024.

For and on behalf of

AMC Repo Clearing Limited

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