

Circular Reference Number	ARCL/Risk/2025-26/061
Circular Date	August 25, 2025
Department	Risk

To
All Members / Participants

Subject: Revision in Risk Management Framework

This is in continuation and partial modification to the ARCL Master circular AMC Repo/Ops/2025-26/015 dated May 09, 2025. The following new selection criteria is introduced while considering the issuer whose debt instruments would be accepted as eligible collateral for tri-party repo. Additionally, a revision has been made to the applicable haircut for securities received as collateral from members participating in tri-party repo transactions.

Please find below the revised criteria while considering the issuers whose bonds would be accepted as eligible collateral for tri-party repo product of ARCL.

Equity & Debt Listed Issuers

1. Positive Net Worth in the last three financial years as per the audited financial statements.
2. Profit making in the last three financial years as per the audited financial statements.
3. Long term credit rating from AAA to AA. Lowest of the rating in the last three years shall be considered.

Additional Criteria for Only Debt Listed Issuers

1. Equity of one or more associate companies of the group who is an eligible issuer shall be listed on stock exchange in respect of only debt listed entities.
2. Point No. 1 of Additional Criteria is not applicable for only debt listed Public Sector Units of Central Government.
3. Point No. 1 of Additional Criteria is not applicable for only debt listed entities with the lowest AAA rating for the last three years.

Please find below the revision in applicable haircut for securities received as collateral from members participating in tri-party repo transactions product of ARCL.

In order to address the price risk of collateral in the event of a default by the borrower on its obligation, haircut will be applicable on securities. Haircut is a flat percentage applicable on the market value (clean price + accrued interest) of the securities based on rating and residual maturity of securities (for repo tenor of 7 days). Revised haircut for eligible collateral as given below:

Instrument	Rating equivalent	Residual Maturity <= 1 Years	Residual Maturity > 1 years <= 5 Years	Residual Maturity > 5 years <= 10 Years	Residual Maturity > 10 Years
NCD and FRB	AAA	5%	7.50%	10%	15%
NCD and FRB	AA+	7.50%	10%	15%	20%
NCD and FRB	AA	15%	15%	20%	25%
Subordinate Bonds (Excluding Tier I)	AAA	10%	10%	15%	20%

Instrument	Rating equivalent	Minimum Hair Cut
Commercial Paper	A1+	5%
Certificate of Deposit	A1+	5%

Further, the basket for the eligible collateral will be based on the latest lowest instrument level rating of the issuer will be considered.

The updated list of eligible securities (ISIN) as collateral will be available on ARCL website on below mentioned link: <https://www.arclindia.com/collateral> under “Eligible Securities” tab. Members/Clients are requested to refer the above link regularly for updated list eligible securities as collateral for tri-party repo

For and on behalf AMC Repo Clearing Limited

Authorized Signatory
Amit Bodas

Contact	022-6906 8012/8016
Email	operation@arclindia.com