

## **FAQ – Issuer Contribution Toward Core Settlement Guarantee Fund (Core SGF)**

1. What is Core Settlement Guarantee Fund (Core SGF)?

SEBI has directed clearing corporation to have a fund called Core SGF (Settlement Guarantee Fund) for each segment of each Recognized Stock Exchange (SE) to guarantee the settlement of trades executed in respective segment of the Stock Exchange.

2. What is the purpose of settlement guarantee Fund?

In the event of clearing member failing to honour his settlement obligation, the settlement guarantee fund is utilised to complete the settlement.

3. Who contributes to the Settlement Guarantee Fund of Limited Purpose Clearing Corporation (LPCC)?

The contribution towards the Core Settlement Guarantee Fund (Core SGF) shall consist of contribution from Issuers of corporate debt securities, Clearing Members, Clearing Corporation, any penalties levied by Clearing Corporation and interest accruals on Core SGF contribution.

4. What is Issuer contribution to Core SGF?

In terms of SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, Issuers are required to contribute 0.5 basis points (0.005%) of the issuance value of debt securities per annum based on the maturity of debt securities.

5. When shall the Issuer contribute towards Core SGF?

The Issuers needs to make full contribution upfront prior to the listing of debt securities.

6. Whether contribution is payable by all Issuers?

The contribution to Core SGF is payable by all eligible issuers as notified by the AMC Repo Clearing Ltd. (ARCL). For further details, please refer ARCL Circular dated April 26, 2023, available on <http://www.arclindia.com/circulars>. The list of eligible issuers is available on <http://www.arclindia.com/spages/Collateral/ListofIssuers.pdf>

7. Whether Core SGF contribution is mandatory for all debt securities of eligible Issuers?

The Core SGF contribution is applicable for all public issue or private placement of debt securities under the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 of eligible issuer. It will not be applicable to following securities:

- a) Tier I & Tier II bonds issued by Banks, NBFCs & other institutions.
- b) Perpetual Debt
- c) Floating rate bonds
- d) Market linked bonds
- e) Convertible bonds (Optional or Compulsorily)
- f) Securities other than long term debt rating of the eligible securities shall be AAA, AA+, AA and AA- (excluding AA- with negative outlook).

For further details, please refer ARCL Circular dated April 26, 2023, available on <http://www.arclindia.com/circulars>. Further, for eligible securities ARCL will issue notification from time to time.

8. Is contribution to Core SGF applicable to fresh issuances only?

The contribution to Core SGF is applicable for fresh as well as reissuance of debt securities.

9. How is the issuance value calculated?

The issuance value is calculated as number of bonds issued multiplied by the face value of bonds.

10. Is the calculation of issuance value will remain same for re-issuance of bonds, bonds issued as premium or at discount.

Yes, the issuance value calculation is always based on the face value of the bond.

11. How is the issuance value calculated for partly paid-up bonds?

The issuance value is always calculated based on the fully paid-up face value of the bond.

12. What do you mean by “per annum based on the maturity of debt securities”?

The Core SGF contribution is paid at rate of 0.5 basis points on the issuance value for every year till the maturity of the securities. The amount so calculated shall be payable upfront.

13. How is the year calculated for the above purpose?

The year is calculated based on the difference between issue date and maturity date. In case of re-issuance of securities, the same is calculated based on allotment date till maturity date.

14. How is the year calculated for staggered redemption bonds and/or bonds with put/call options?

The year is always calculated based on the final redemption date.

15. How is the Core SGF calculated and is any calculator available for such calculation?

The SGF calculator is available under Downloads>Core SGF Payable Calculator option on the ARCL website [www.arclindia.com](http://www.arclindia.com).

16. Whether Core SGF contribution is refundable after maturity?

The Core SGF contribution is not refundable.

17. Issuer becomes eligible subsequently, is Core SGF collected for earlier issuances?

No, the Core SGF contribution is collected only if issuer is eligible at the time of listing and the security satisfy the eligibility criteria of tri-party corporate bond repo.

18. Where does the Issuer transfer the amount towards Core SGF?

The Core SGF amount is required to be transferred to any of the following bank accounts:

Beneficiary Account Name	Account No. in which amount is required to be deposited	IFSC Code
AMC Repo Clearing Limited - Core Settlement Guarantee Fund Account	923020021156867	UTIB0000004
AMC Repo Clearing Limited Core SGF A/C	57500000866187	HDFC0000060
AMC Repo Clearing Limited- Core Settlement Guarantee Fund Account	000405132382	ICIC0000004

19. Where does the Issuer need to intimate about the contribution towards the Core SGF?

The Issuer is required to inform ARCL by sending an email at [coresgf@arclindia.com](mailto:coresgf@arclindia.com) in the following format. The issuers shall also send the Information Memorandum (IM) of the issue to ARCL via email.

Security Description	
ISIN (if available)	
Issue Date/Allotment Date	Allotment date is applicable for reissuance under same ISIN.
Maturity Date	
*Issuance Amount (Rs. Crores)	
Core SGF Amount (Rs. Lakhs)	
UTR No	
UTR Date	
Fund Transfer To	AMC Repo Bank Name to which funds are transferred
Payment Information	Please attach payment receipt or fund transfer receipt from the bank

Note:

\* The Issuance amount should be provided in terms of face value (No of bonds \* Face Value)

\*\* **Issuers are mandated to share Information Memorandum (IM) at [coresgf@arclindia.com](mailto:coresgf@arclindia.com).**

20. Where to contact in case of any queries on related to Core SGF contributions?

The issuers may send their queries to ARCL on email ID [coresgf@arclindia.com](mailto:coresgf@arclindia.com).

21. Is Goods and Service Tax (GST) applicable for Issuer's contribution towards Core SGF?

GST is not applicable.

22. Is Tax Deducted at Source applicable towards Core SGF?

TDS is not applicable.