



## Media Release



### ICCL leads the way in interoperability; clears trades from BSE, MSE

#### BSE and ICCL implement SEBI's interoperability framework; go live from June 3, 2019

**Mumbai, June 3 2019:** BSE, Asia's oldest exchange and now the world's fastest exchange with the speed of 6 microseconds and ICCL, one of the leading Clearing Corporations in the world, have gone live and implemented interoperability framework starting from June 3, 2019. This is as per the market regulator SEBI's guidelines to put in place the required infrastructure for operationalizing interoperability.

SEBI, vide circular CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018, had laid down the broad guidelines for operationalizing the interoperable framework among Clearing Corporations, which was required to be operationalized by Stock Exchanges and Clearing Corporations by June 1, 2019. BSE and ICCL had deployed the new Interoperability system on Saturday, June 1, 2019. Monday, June 3, 2019 was the first trading day after implementation of Interoperability; during the day, ICCL received and cleared multiple trades from BSE and MSE.

To ensure that the transition to interoperability is seamless and non-disruptive, it was jointly decided by all Stock Exchanges and Clearing Corporations that members can choose a functional date for going live with Interoperability on any Monday from June 3, 2019 till July 1, 2019.

15 clearing members at ICCL opted for Interoperability to be effective from June 3, 2019 and for such members, ICCL cleared trades for such members executed on exchanges that were connected to the Interoperability framework.

Mr. Ashishkumar Chauhan, MD & CEO, BSE, said, *"We thank SEBI for conceptualising the world class interoperability framework. It will reduce the requirement for funds as well as reduce risk on the overall system when all the stock exchanges and clearing corporations become interoperable making Indian stock market more robust."*

Ms. Devika Shah, MD&CEO, ICCL said, *"Interoperability will bring down cost of clearing substantially for members with netting benefits, bring efficiency in margins, collateral, clearing and settlement, while bringing down the systemic risk."*

Mr. Balu Nair, Interim CEO, MSE & MD, MCCIL said *"MSE is proud to have the first trade being clocked in the Interoperability environment in India, in its Equity Cash Segment. MSE & MCCIL believes this as the beginning of a large reform in Indian Capital Market. We are thankful to our regulator SEBI for the constant guidance and support. We are also thankful to all MIIs, business partners, technology partners, and members for their support to launch interoperability services as per regulatory timelines."*

## **About BSE**

BSE (formerly Bombay Stock Exchange) established in 1875, is Asia's first & now the world's fastest Stock Exchange with a speed of 6 microseconds. BSE is India's leading exchange group and has played a prominent role in developing the Indian capital market. BSE is a corporatized and demutualised entity, with a broad shareholder base that includes the leading global exchange- Deutsche Bourse, as a strategic partner. BSE provides an efficient and transparent market for trading in equity, debt instruments, equity derivatives, currency derivatives, interest rate derivatives, mutual funds and stock lending and borrowing.

BSE also has a dedicated platform for trading in equities of small and medium enterprises (SMEs) that has been highly successful. BSE also has a dedicated MF distribution platform BSE StAR MF which is India Largest Mutual Funds Distribution Infrastructure. On October 1, 2018, BSE launched commodity derivatives trading in delivery-based futures contract in gold (1 kg) and silver (30 kg).

BSE provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE's systems and processes are designed to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments.

Indian Clearing Corporation Limited, a wholly owned subsidiary of BSE, acts as the central counterparty to all trades executed on the BSE trading platform and provides full novation, guaranteeing the settlement of all bonafide trades executed. BSE Institute Ltd, another fully owned subsidiary of BSE runs one of the most respected capital market educational institutes in the country. Central Depository Services Ltd. (CDSL), associate company of BSE, is one of the two Depositories in India.

## **About ICCL**

Indian Clearing Corporation Limited ("ICCL") was incorporated in 2007 as a wholly owned subsidiary of BSE Ltd. ("BSE"). ICCL carries out the functions of clearing, settlement, collateral management and risk management for various segments of BSE. ICCL undertakes to act as the central counterparty to all the trades it provides clearing and settlement services for.

ICCL settles trades reported on the Indian Corporate Debt Segment and the Mutual Fund ("StAR MF") Segment of BSE and clears and settles trades executed on all the other segments of BSE, including Equity Cash, Equity Derivatives, BSE SME, Offer for Sale, Securities Lending & Borrowing, Debt Segment, Interest Rate Futures and the Currency Derivatives Segment.

ICCL has been accorded Qualified Central Counterparty ("QCCP") status by the Securities and Exchange Board of India ("SEBI"). A QCCP member is subjected to lower capital requirements/charges under the Basel III Framework introduced by the Basel Committee on Banking Supervision. The capital requirements for Banks and Primary Dealers in India, for a QCCP like ICCL is subject to the Capital Adequacy Standards and Risk Management Guidelines for Standalone Primary Dealers as prescribed by the Reserve Bank of India ("RBI"). ICCL, as a Qualified CCP, is additionally required to comply with the rules and regulations that are consistent with the Principles for Financial Market Infrastructures ("PFMI") issued by the Committee on Payment and Settlement Systems ("CPSS") and International Organisation of Securities Commissions ("IOSCO"). These rules

and regulations focus on limiting systemic risk and on enhancing transparency and stability in the financial market. A clearing member registered with a QCCP like ICCL will be a beneficiary of the enhanced risk management framework of ICCL and will also benefit in the form of lower capital costs.

ICCL is the only clearing corporation in India to have been granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

ICCL has established a robust Risk Management framework which utilises a Value at Risk model for margining of Equity Cash Segment and a risk based SPAN model for all its derivatives transactions, viz. equity derivatives, currency derivatives and interest rate derivatives. ICCL aims to provide secure, capital-efficient counterparty risk management and post-trade services.

20 banks have been empanelled as Clearing Banks for providing clearing and settlement services for trades executed on the BSE platform; the aggregate lines of credit being more than the average daily funds pay-out.

ICCL remains committed to the safety of investors and members and to further add to this security, ICCL has subscribed to a unique Insurance Policy for INR 375 Crore. The objective of the Policy is to protect ICCL against counterparty defaults and add a further capital cushion to the ICCL network making the resources of the non-defaulting members even safer.

### **About MSE**

Since its inception in 2008, MSE—the third national stock exchange—is committed to encouraging broader participation in equity and growing the non-equity segment(s). On the anvil are a slew of differentiated products, some likely to be the first in the Indian market. The product positioning of MSE shall be complemented by reduced operating cost for members, better utilization of their capital and technology upgrade. Metropolitan Stock Exchange of India offers a transparent, hi-tech platform for trading in Capital Market, Futures & Options (F&O), Interest Rate Derivatives, Currency Derivatives, ETFs and Debt Market. At present, 245 companies are listed on the exchange, and about 1,300 large corporates are available for trading in the permitted to trade category.

### **About MCCIL**

Metropolitan Clearing Corporation of India Limited (MCCIL) is a subsidiary of Metropolitan Stock Exchange of India Ltd. (MSE), a new age Clearing Corporation constituted to undertake clearing and settlement of deals in multi-asset classes. The company offers best-in-class services to its clearing members with the help of its state-of-the-art risk management framework and unparalleled clearing and settlement systems with dedicated linkages with clearing partners.

The company commenced its operations on February 16, 2009, with clearing and settlement of trades for MSE. From October 1, 2018, MCCIL also started its clearing services for ICEX, thereby becoming the only SEBI recognized clearing corporation to provide services for multiple exchanges and

multiple asset classes. MCCIL has an impeccable track record of having completed all settlements from the date of commencement of its operations in a timely manner without defaults.

MCCIL is designated as a Qualified Central Counter Party (QCCP) by the SEBI. MCCIL is recognized by ESMA as a Third Country Central Counter Party. MCCIL is also recognized by Bank of England as Third Country Central Counter Party that will offer clearing services and activities in the United Kingdom under Temporary Recognition Regime (TRR) of the Central Counterparties (Amendments, etc., and Transitional Provision) (EU Exit) Regulations 2018.

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