

FACT BOOK

March 2022

OVERVIEW

The Indian Clearing Corporation Limited is a wholly owned subsidiary of BSE, the oldest stock exchange in Asia.

ICCL carries out the functions of clearing, settlement, collateral management and risk management for various segments of BSE and for Corporate Bonds OTC market.

ICCL is regulated by the Indian Capital Market Regulator, Securities and Exchange Board of India (“SEBI”) and the Central Bank, Reserve Bank of India (“RBI”), for select products.

ICCL has a Counterparty Default Insurance cover for USD 60 million (INR 4.62 Billion). The objective, is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL net worth making the resources of the non-defaulting members even safer.

ICCL has received temporary recognition pursuant to the UK Statutory Instrument The Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018 (“the SI”)

ICCL granted recognition by ESMA under the European Market Infrastructure Regulations on September 27, 2017 as a TC-CCP under Chapter 4 of Title III of EMIR. On 31st March, 2022 the annual fee for recognition for the year 2022, of EUR 50,000 was paid to ESMA.

ICCL granted renewal of recognition by SEBI under the Securities Contracts (SECC Regulations) for a period of three years, commencing on the 3rd day of October, 2020 and ending on the 2nd day of October, 2023.

ICCL complies with the Principles for Financial Market Infrastructure issued by CPMI- IOSCO and hence, has been accorded QCCP status by SEBI .

ICCL continues to enjoy the highest domestic long term credit rating of “AAA” in India (Rating accorded by India Ratings, the Indian arm of Fitch Ratings and CARE Ratings).

MANAGEMENT

Board of Directors

Public Interest Directors

Dr. Hemant Kumar Manuj, Chairman
Dr. Medha Tapiawala
Mr. Prasad Dahapute

Managing Director & CEO

Ms. Devika Shah

Shareholder Directors

Mr. Neeraj Kulshrestha

Management Team

Managing Director & CEO

Ms. Devika Shah

Chief Operating Officer

Mr. Tushar Ambani

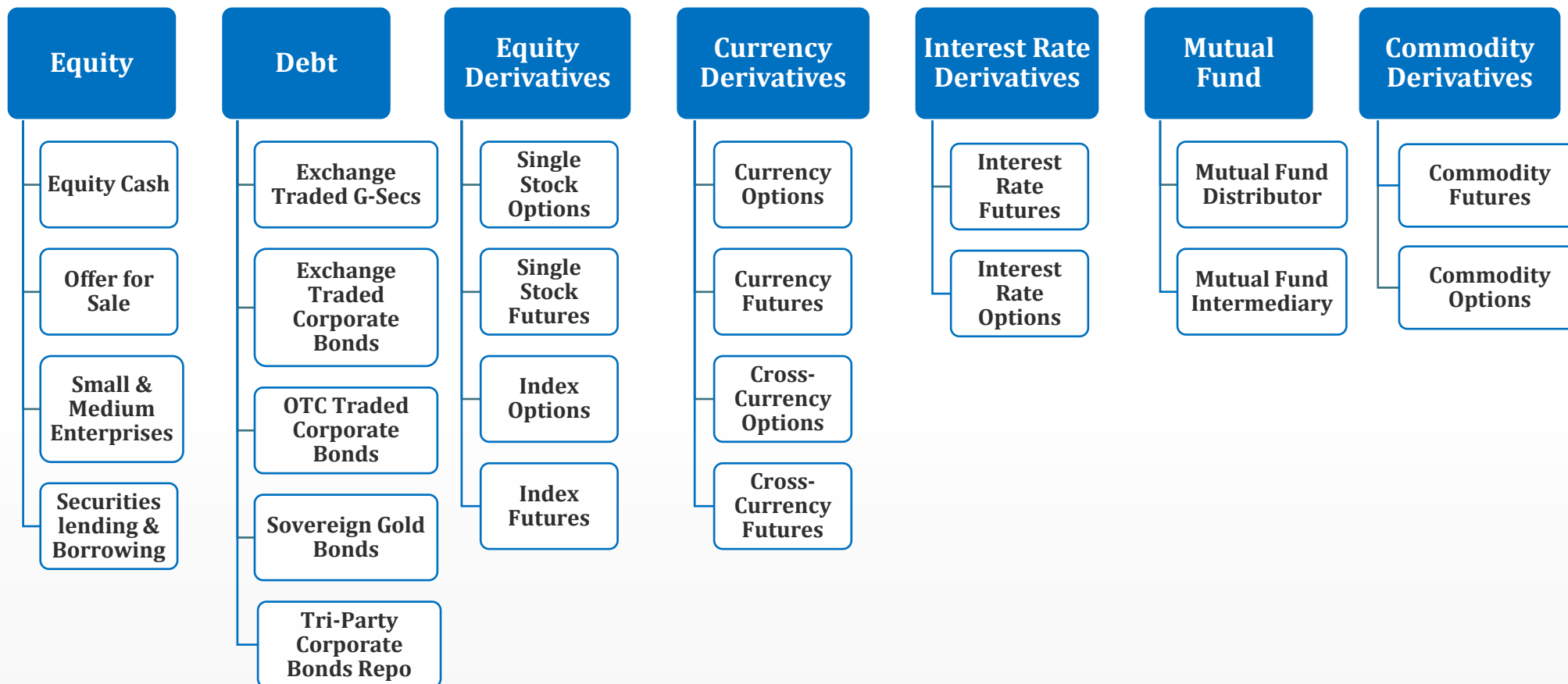
Chief Risk Officer & Head - Strategy

Mr. Piyush Chourasia

Chief Financial Officer

Mr. Nimeshkumar Mistry

BUSINESS LINES



TRADE PROCESS



- Streaming Data to Trading Terminals.
- Trading Data Streaming.
- Indices Data Streaming.
- Currency and Bond Data Streaming

- Operate Electronic Order Books.
- Connectivity to Trading Members.

- Full novation and Post Trade Management.
- Give-up/Take-up for Custodial Settlement.
- Delivery of Securities.
- Delivery of Funds.
- Securities Lending and Borrowing.

- Robust Real time Risk Management System.
- Collateral Management System.
- System generated alerts when Margin utilization is 70%, 80% and 90%.

- ISIN for Securities.
- Individual Beneficiary Owner Accounts.
- Custody of Securities.
- Transfer of Securities.
- KYC Registration.
- Related services.



Trading Engine of BSE based on T7 platform of EUREX

UNIQUE FEATURES: OPERATIONS

Collateral Management

- Acceptance of “AAA” rated foreign government securities as collateral, a joint product offering in collaboration with Clear Stream.
- Acceptance of Indian Sovereign Securities held in CSGL account of the members through lien in favour of ICCL without title transfer.
- Members can transfer their unutilized collateral from one segment to another, intraday, through the online CLASS module.
- Fungibility of FDRs and BGs across segments.
- E-FDR and E-BG facility available with select banks.
- No additional charges for same day cash withdrawal.
- Acceptance of Sovereign Gold Bonds (SGBs) as Collateral.

Settlement

- ICCL provides DvP1, DvP2 and DvP3 settlement for various products and asset classes on a T+2 settlement basis.
- For Corporate Bonds settlement (DvP1 mechanism), ICCL offers choice of T day, T+1 day and T+2 day settlement.

Risk Management

- ICCL uses VaR (for Equity Cash) and SPAN (for all Derivatives contracts) for calculation of Initial Margin.
- ICCL margins its members on an upfront basis (margin is calculated and collateral blocked on a trade-per-trade basis).
- ICCL uses one-day gross for margins computation.
- ICCL conducts daily stress tests for sizing of its Default Fund (Core SGF).

FACTS & FIGURES

| Activities | Quarter Ended December - 2021 (Rs. in Billion) | Quarter Ended March - 2022 (Rs. in Billion) |
|--|--|---|
| Equity Cash | | |
| Total Funds Settled | 233.00 | 218.84 |
| Total Value of Securities Settled | 1148.89 | 1083.85 |
| Total early Pay-in of Funds | 66.86 | 46.57 |
| Equity Derivatives | | |
| Total Funds Settled | 56.99 | 87.24 |
| Currency Derivatives | | |
| Funds Settled | 8.15 | 11.18 |
| Mutual Fund | | |
| Total Subscription & Redemption | 907.64 | 871.94 |
| Indian Corporate Debt Market ("ICDM") | | |
| Total Settlement Value | 403.85 | 473.21 |
| Offer For Sale ("OFS") | | |
| Total Funds Settled | 0.0003 | 2.18 |
| Total Value of Securities Settled | 0.0003 | 2.18 |
| Offer For Buy ("OTB") | | |
| Total Settlement Value | 29.38 | 169.40 |
| SLB | | |
| Notional Turnover | 0.0168 | 0.033 |
| Commodity Derivatives | | |
| Total Funds Settled | 0.023 | 0.019 |

CLEARING BANKS

List of Designated Clearing Banks

Designated Clearing Banks are the banks empanelled by ICCL for providing funds settlement services to clearing members. Clearing members are required to fulfil their funds obligation through any of the designated Clearing Banks.

| Sr. No. | Bank Name | Sr. No. | Bank Name |
|---------|--|---------|-----------------------------|
| 1 | Axis Bank Limited | 12 | IDBI Bank Limited |
| 2 | Bank Of Baroda | 13 | IndusInd Bank Limited |
| 3 | Bank Of India | 14 | Kotak Mahindra Bank Limited |
| 4 | Canara Bank | 15 | Punjab National Bank |
| 5 | Central Bank of India | 16 | Standard Chartered Bank |
| 6 | Citibank N.A. | 17 | State Bank Of India |
| 7 | Corporation Bank | 18 | Union Bank of India |
| 8 | Deutsche Bank AG | 19 | Yes Bank Limited |
| 9 | HDFC Bank Limited | 20 | J P Morgan Chase Bank N.A. |
| 10 | Hongkong & Shanghai Banking Corporation Ltd. | 21 | City Union Bank Ltd. |
| 11 | ICICI Bank Limited | 22 | DBS Bank India Limited |

CUSTODIANS

List Of Custodians

Custodians are SEBI registered entities which inter-alia provide custodial services to institutional investors and high networth individuals viz. clearing settlement services, holding securities in physical or demat form, etc.

| Sr. No. | Member Name | Sr. No. | Member Name |
|---------|-----------------------------------|---------|---|
| 1 | Axis Bank Ltd. | 10 | JP Morgan Chase Bank N. A. |
| 2 | BNP Paribas | 11 | Kotak Mahindra Bank Ltd. |
| 3 | Citibank N.A. | 12 | Orbis Financial Corporation Ltd. |
| 4 | DBS Bank Ltd. | 13 | SBI SG Global Securities Services Pvt. Ltd. |
| 5 | Deutsche Bank AG | 14 | Standard Chartered Bank |
| 6 | Edelweiss Custodial Services Ltd. | 15 | Stock Holding Corporation of India Ltd. |
| 7 | HDFC Bank Ltd. | 16 | Honkong & Shanghai Banking Corporation Ltd. |
| 8 | ICICI Bank Ltd. | 17 | Yes Bank Ltd. |
| 9 | IL&FS Securities Services Ltd. | 18 | Edelweiss Capital Services Ltd. |

TYPES OF MEMBERSHIP

Clearing Corporation (ICCL)

Clearing Member (CM)

Can execute (if also TM):

- proprietary trades
- client trades

Can clear:

- **proprietary trades**
- **client trades**
- **trades of other Trading Members with whom they have a clearing agreement**

Self Clearing Member (SCM)

Can execute (if also TM):

- proprietary trades
- client trades

Can clear:

- **proprietary trades**
- **client trades**

Stock Exchange (BSE)

Trading Member (TM)

Can execute :

- proprietary trades
- client trades

FUNCTIONALITIES

| Functionalities | |
|---------------------------------------|-------------------------------------|
| Real Time Risk Management System | <input checked="" type="checkbox"/> |
| Risk Management at CM/TM/Client Level | <input checked="" type="checkbox"/> |
| Settlement in Cash and / or Physical | <input checked="" type="checkbox"/> |



Creating a safer market
where risks are managed
more effectively



Inspiring trust through
reliability

CLEARING MEMBERS

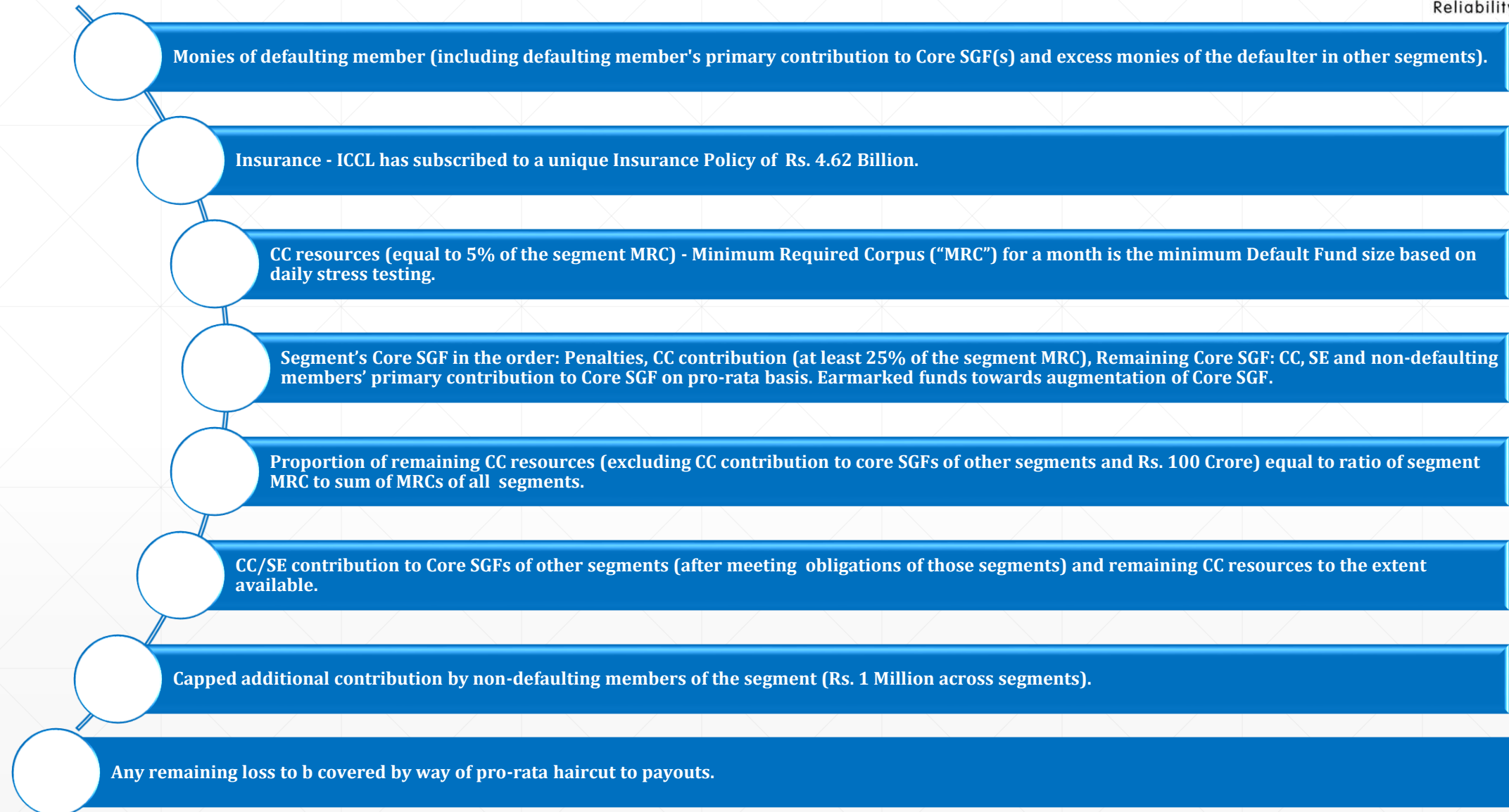
As on March 31, 2022

| Type | Equity Cash Segment | Equity Derivative Segment | Currency Derivative Segment | Debt Segment | Commodity derivatives Segment |
|-----------------------------|---------------------|---------------------------|-----------------------------|--------------|-------------------------------|
| SCM | 1248 | 78 | 56 | 20 | 19 |
| CM | 86 | 82 | 49 | 25 | 20 |
| Custodian | 18 | - | - | - | - |
| Total | 1352 | 160 | 105 | 45 | 39 |
| Unique Members: 1393 | | | | | |

ELIGIBLE COLLATERAL

| | Collateral | Haircut | Concentration Limit |
|-----------------------------------|--|--------------------------------------|--|
| Cash & Cash Equivalent | Cash | No haircut | No limit |
| | P1 (or P1+) rated Bank Guarantee (“BGs”) | No haircut | Limit on the Exchange’s exposure to a single bank as stipulated by SEBI |
| | Bank Fixed Deposits Receipts (“FDRs”) | No haircut | No limit |
| | Units of liquid Mutual Fund (or) Govt. Sec. Mutual Fund (by whatever name called which invests in government securities) | 10% | No limit |
| | Indian Sovereign Securities <ul style="list-style-type: none"> • Government Securities • T-Bills • Sovereign Gold Bonds | 10% | No limit |
| | AAA rated Foreign Sovereign Securities | 10% | 10% of cash component of liquid assets |
| Non- Cash Equivalent | Liquid (Group-I) Equity Shares (as per the criteria for classification of scrips on the basis of liquidity). | VaR margin for the respective scrips | Limits specified for each scrip |
| | Mutual Funds (other than those listed under cash equivalent) | VaR | Member wise and overall limits specified for each scheme |
| | Gold ETF | VaR | No limit |
| | AA (or higher) rated Corporate Bonds | 10% | Limits specified for each issue and total not to exceed 10% of the total liquid assets of the member |

DEFAULT WATERFALL



QUANTUM OF RESOURCES

| March 2022 (Rs. In Million) | | | | | | |
|-----------------------------|--|---------------------|---------------------------|-----------------------------|---------------|------------------------------|
| Sr. No. | Description | Equity Cash Segment | Equity Derivative Segment | Currency Derivative Segment | Debt Segment | Commodity Derivative Segment |
| 1 | Monies of defaulting member (including defaulting member's primary contribution to Core SGF(s) and excess monies of defaulter in other segments) | As Applicable | As Applicable | As Applicable | As Applicable | As Applicable |
| 2 | Insurance, if any | 4621.2 | | | | |
| 3 | CC resources (equal to 5% of the segment MRC) | 97.1 | 27.0 | 74.9 | 0.00 | 70.0 |
| 4 | i. Penalties | | | | | |
| | ii. CC contribution to the extent of at least 25% of the segment MRC | 3272.1 | 611.1 | 1869.5 | 17.8 | 170.9 |
| | iii. Remaining Core SGF: CC contribution, Stock Exchange contribution and non-defaulting members' primary contribution to Core SGF on pro-rata basis | | | | | |
| | iv. Earmarked, but not contributed, funds towards augmentation of Core SGF* | 0.00 | 0.00 | 0.00 | 0.00 | 2500.00 |
| 5 | Proportion of remaining CC resources (excluding CC contribution to core SGFs of other segments and INR 100 Crore) equal to ratio of segment MRC to sum of MRCs of all segments | 1397.0 | 388.0 | 1076.9 | 0.00 | 361.8 |
| 6 | CC/SE contribution to Core SGFs of other segments (after meeting obligations of those segments) and remaining CC resources to that extent as approved by SEBI | 4556.4 | 7954.7 | 5983.6 | 8891.2 | 5872.4 |
| 7 | Capped additional contribution by non-defaulting members of the segment * | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8 | Any remaining loss to be covered by way of pro-rata haircut to payouts | As applicable | As applicable | As applicable | As applicable | As applicable |

Note: The quantum of ICCL resources is based on financial results as on December 31, 2021.

* The funds have been earmarked (not contributed) towards augmentation of Core SGF for Commodity Derivative Segment.

** INR 100 Crore to be excluded only when remaining CC resources (excluding CC contribution to core SGFs of other segments) are more than INR 100 Crore.

*** As per the guidelines prescribed by ICCL Circular dated January 7, 2020 on "Contribution by a non-defaulting member in the Default waterfall of Clearing Corporations"

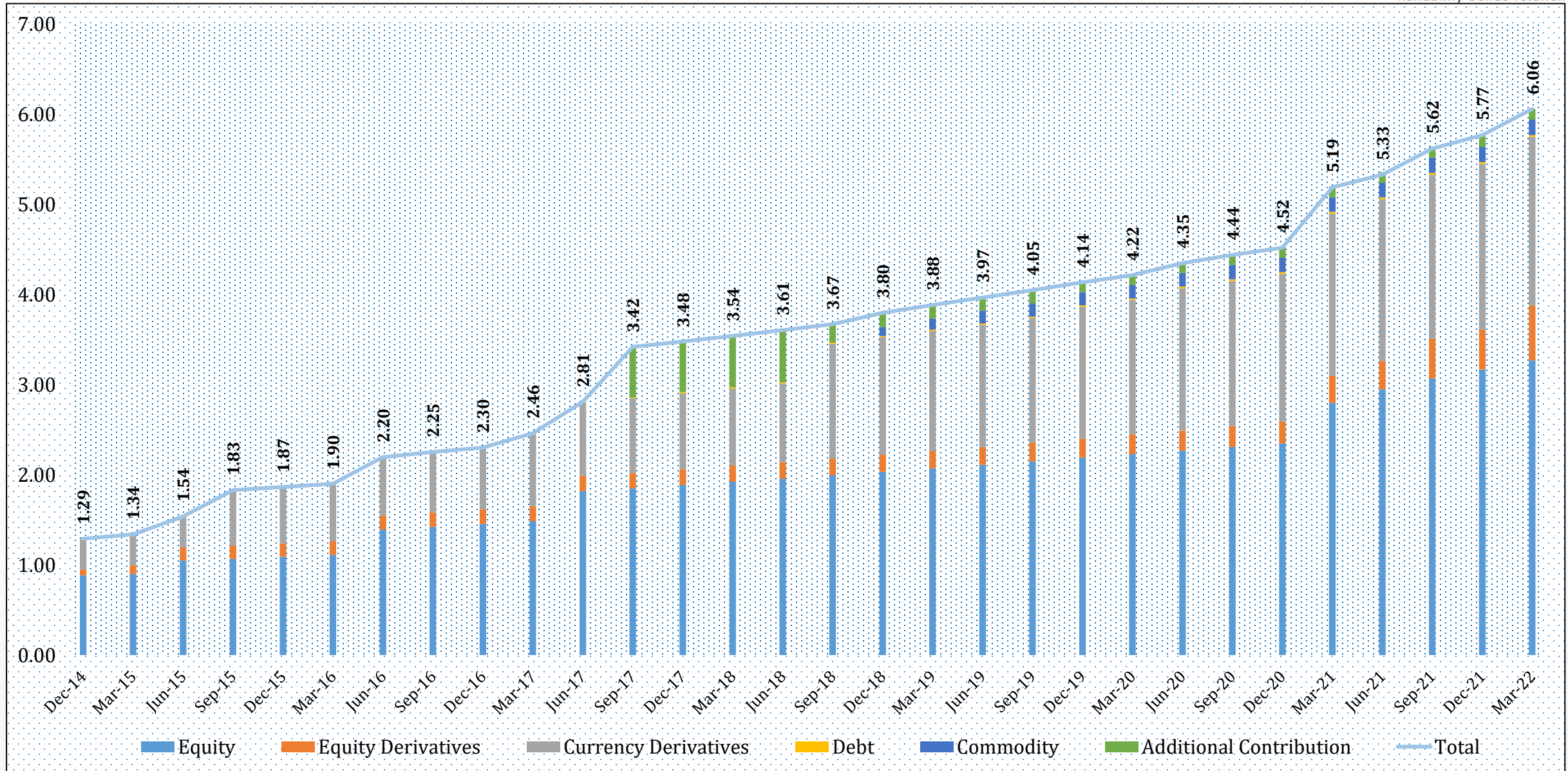
CORE SETTLEMENT GUARANTEE FUND

March 2022 (Rs. in Million)

| Segments | ICCL Contribution | BSE Contribution | Members' Contribution | Other Contributions | Total |
|--------------------------|-------------------|------------------|-----------------------|---------------------|---------------|
| Equity | 1836.2 | 1022.4 | 0.00 | 413.5 | 3272.1 |
| Equity Derivatives | 346.8 | 192.6 | 0.00 | 71.7 | 611.1 |
| Currency Derivatives | 866.4 | 907.3 | 0.00 | 95.8 | 1869.5 |
| Debt | 17.8 | 0.00 | 0.00 | 0.00 | 17.8 |
| Commodity Derivatives | 83.8 | 84.0 | 0.00 | 3.1 | 170.9 |
| Additional Contribution* | 0.00 | 122.1 | 0.00 | 0.00 | 122.1 |
| Total | 3151.0 | 2328.5 | 0.00 | 584.1 | 6063.5 |

*Additional Contribution denotes the quantum of excess resources in Core SGF from BSE towards their compliance with the requirement of 'Transfer of Profits' under Regulation 33 of SECC Regulations 2012, from the date the SECC Regulations, 2012 came into effect till August 29, 2016, and which has not been allocated to any specific segment.

GROWTH IN CORE SGF



MEMBERS' EXPOSURE & LIABILITY

March 2022 (Rs. in Million)

| Segment | ICCL (BSE) | | NSCCL (NSE) | |
|------------------------------|-------------------|-----------|---|-----------|
| | Limited Liability | Insurance | Limited Liability | Insurance |
| Equity Cash Segment | | | | Nil |
| Equity Derivatives Segment | 1 | 4621.20 | No quantitative cap has been fixed. Liability is a multiple of the members' contribution to core SGF at the time of default, Method for establishing members' contribution not publicly disclosed | Nil |
| Currency Derivatives Segment | | | | Nil |
| Debt Segment | | | | Nil |

CAPITALISATION VS. EXPOSURE

| (Rs. in Million) | | | | |
|--|---|-------------|---|--------------|
| Segments | ICCL | | NSCCL | |
| 1. Equity Cash Segment 2. Equity Derivatives Segment 3. Currency Derivatives Segment | Average Value of shares Delivered & Total Open Interest | 1,67,426.30 | Average Value of shares Delivered & Total Open Interest | 89,66,786.70 |
| | Networth | 667.06 | Networth | 704.16 |
| | Risk Coverage Ratio (%) | 3.98% | Risk Coverage Ratio (%) | 0.08% |

Note: Value of Shares Deliverable(daily average) and Open Interest are in Rs. Million, as on February 28, 2022 (FY 2021-22).

Networth is denoted in Rs. Million, as on March 31, 2021 (from Annual Report).

Risk Coverage Ratio denotes the Assets of the CCP vis-à-vis the risk carried and is calculated as Networth / (Open Interest and Value of Shares Delivered)

RISK MANAGEMENT FEATURES

- ❑ **Exposure towards CCP:** ICCL is the only CCP in the World which has not sought contribution from members towards its Default Fund
- ❑ **Recovery & Resolution:** Rs. 1 Billion is kept separately for covering operational cost for 1 year, legal cost, regulatory cost, and other liabilities
- ❑ **1st CCP in India to publish Self-assessment of the CPMI-IOSCO's Principles of Financial Market Infrastructures** on its website to ensure a clear understanding and assessment of the risks associated with ICCL
- ❑ **Lines of Credit:** ICCL has dedicated lines of credit with multiple commercial banks; the aggregate of the credit lines being multiple times the average daily funds pay-out
- ❑ **Risk Management Committee** consisting of Independent Directors and Outside Experts
- ❑ **Business Continuity:** BCP plan for systems as well as manpower in place; a far DR site situated in a different seismic zone

FOUR PILLARS OF ICCL





THANK YOU

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