

Indian Clearing Corporation Limited



Reliability builds relationships

FACT BOOK

December 2023

BSE - CONFIDENTIAL

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 the exchanges and for the 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 4.50 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 complies with the Principles for Financial Market Infrastructure issued by CPMI- IOSCO and hence, has been accorded QCCP status

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, 2023 and ending on the 2nd day of October, 2026.

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. Vikas Gadre
Ms. Hemalatha Sivasubramanian
Mr. Arun Mehta

Managing Director & CEO

Ms. Vaishali Babu

Shareholder Directors

Ms. K. Kamala
Mr. Sameer Patil

Management Team

Managing Director & CEO

Ms. Vaishali Babu

Chief Risk Officer

Mr. Sushant Majhi

Chief Regulatory & Compliance Officer

Mr. Anand Shaha

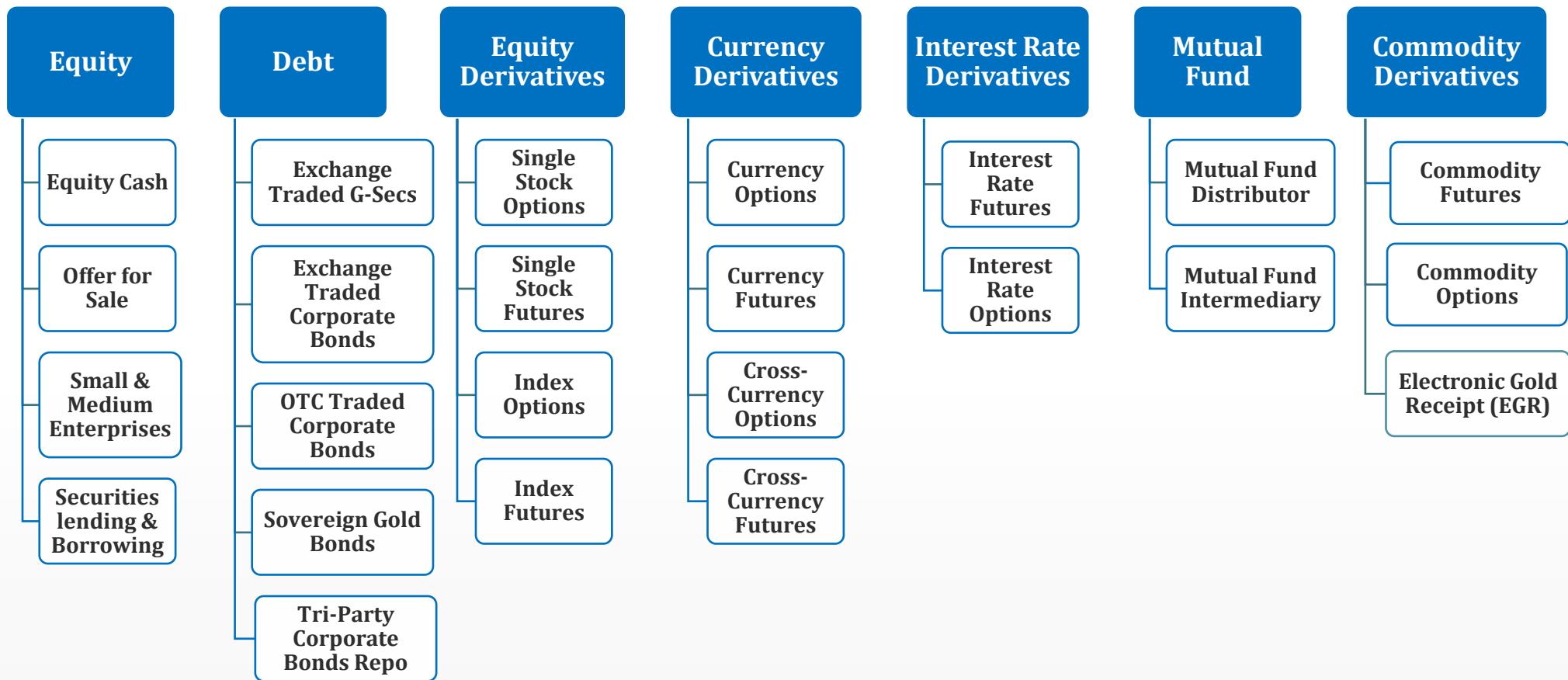
Chief Financial Officer

Mr. Nimeshkumar Mistry

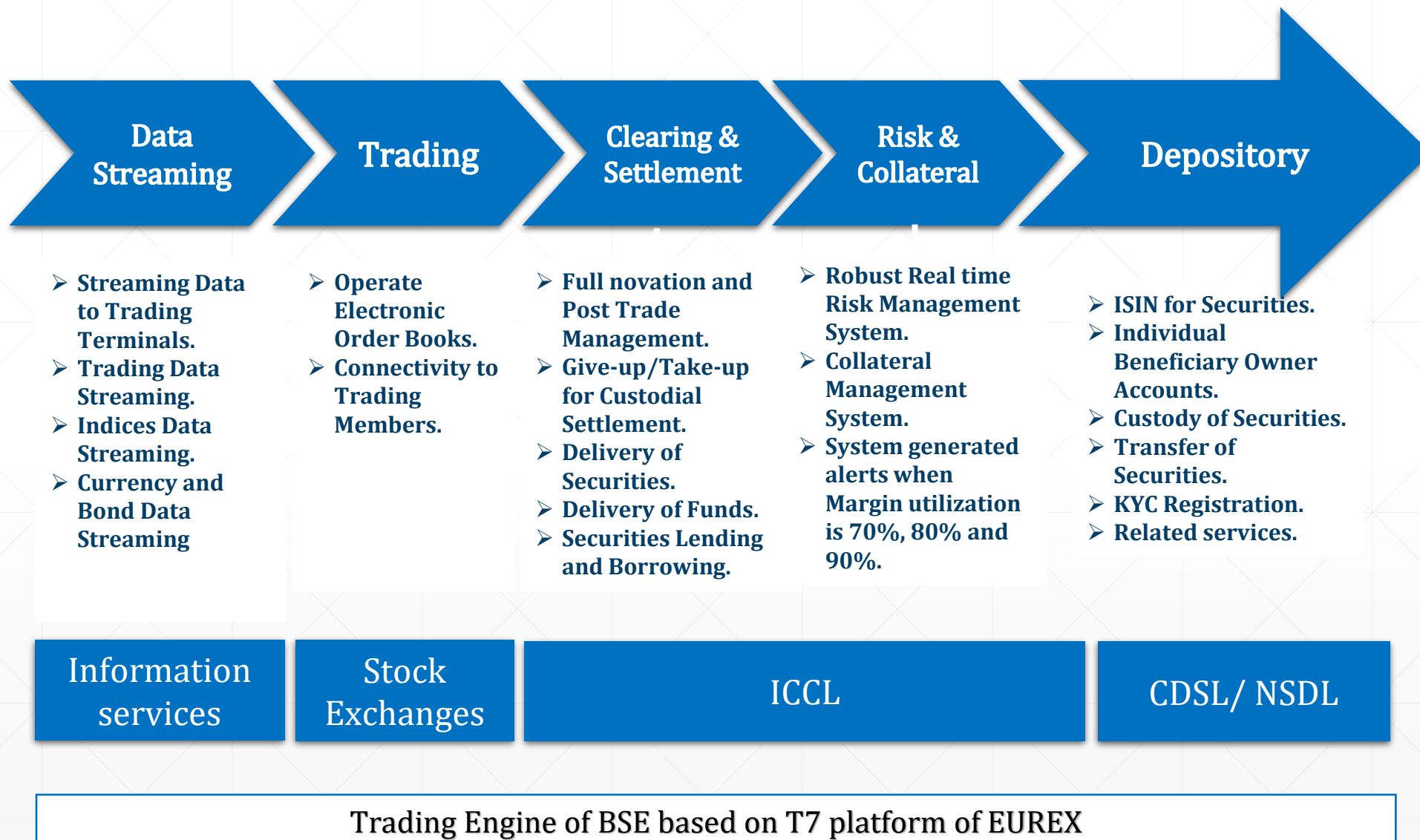
Head - Operations

Mr. Akshat Chaturvedi

BUSINESS LINES



TRADE PROCESS



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 DvP settlement for various products and asset classes on a T+1 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).

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 | 11 | ICICI Bank Limited |
| 2 | Bank Of Baroda | 12 | IDBI Bank Limited |
| 3 | Bank Of India | 13 | IndusInd Bank Limited |
| 4 | Canara Bank | 14 | Kotak Mahindra Bank Limited |
| 5 | Central Bank of India | 15 | Punjab National Bank |
| 6 | Citibank N.A. | 16 | Standard Chartered Bank |
| 7 | Corporation Bank | 17 | State Bank Of India |
| 8 | Deutsche Bank AG | 18 | Union Bank of India |
| 9 | HDFC Bank Limited | 19 | Yes Bank Limited |
| 10 | Hongkong & Shanghai Banking Corporation Ltd. | 20 | Indian Bank |

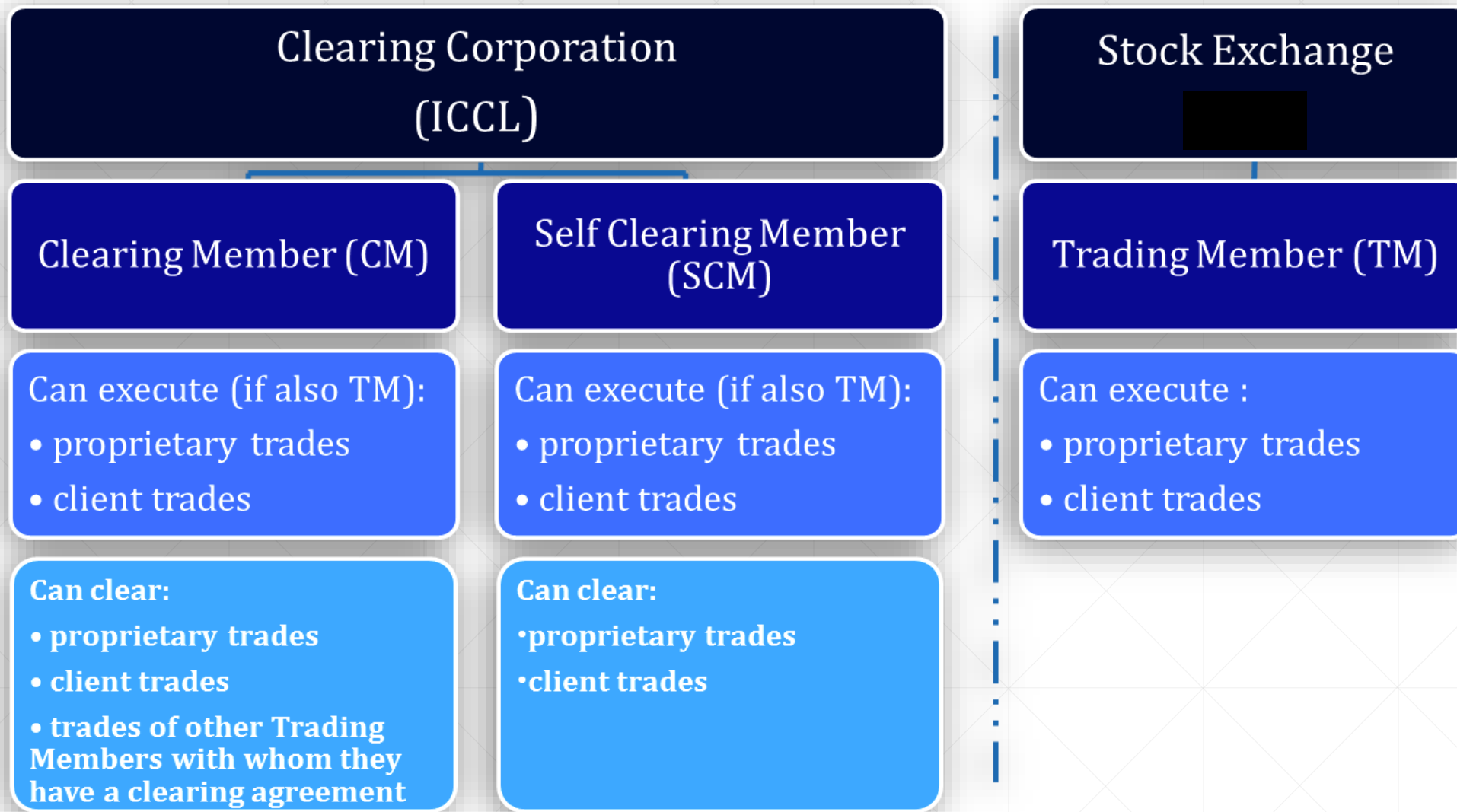
CUSTODIANS

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 Capital 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. | | |

TYPES OF MEMBERSHIP



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

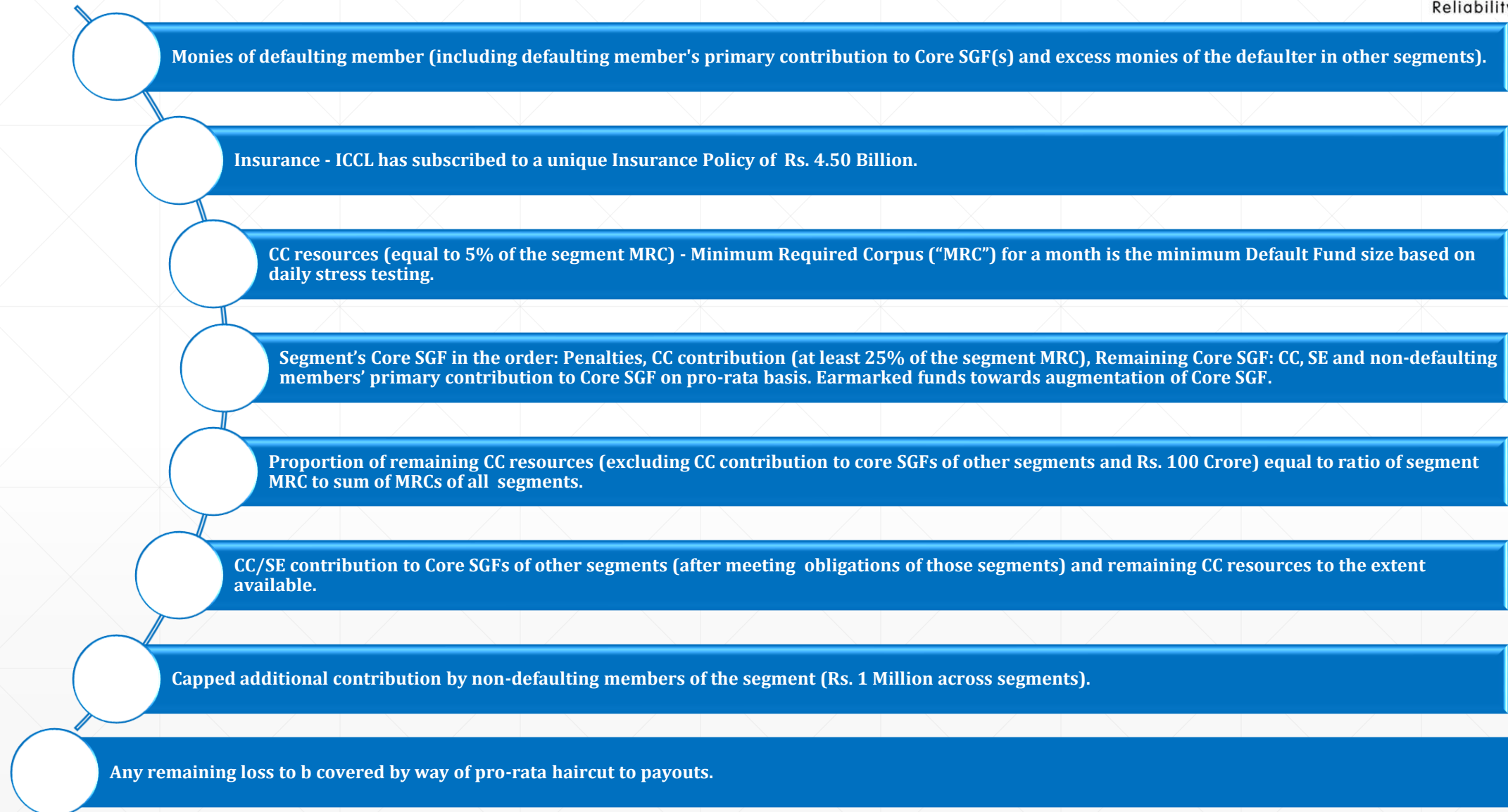
CLEARING MEMBERS

| As on December 31, 2023 | | | | | | |
|-------------------------|---------------------|---------------------------|-----------------------------|--------------|-------------------------------|---------------------------------|
| Type | Equity Cash Segment | Equity Derivative Segment | Currency Derivative Segment | Debt Segment | Commodity Derivatives Segment | Electronic Gold Receipt Segment |
| SCM | 1214 | 112 | 67 | 26 | 19 | 5 |
| CM | 71 | 73 | 52 | 23 | 20 | 6 |
| Custodian | 9 | - | - | - | - | - |
| Total | 1294 | 185 | 119 | 49 | 39 | 11 |
| Unique Members: 1339 | | | | | | |

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

| December 2023 (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 | 4,925 | | | | |
| 3 | CC resources (equal to 5% of the segment MRC) | 97.1 | 37 | 185.4 | 00 | 07 |
| 4 | i. Penalties | | | | | |
| | ii. CC contribution to the extent of at least 25% of the segment MRC | | | | | |
| | iii. Remaining Core SGF: CC contribution, Stock Exchange contribution and non-defaulting members' primary contribution to Core SGF on pro-rata basis | 3755.8 | 969.1 | 3834.5 | 19.6 | 146.3 |
| 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 | 873.5 | 332.7 | 1667.3 | 00 | 63.1 |
| 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 | 7206.3 | 10196.1 | 5748.5 | 11289.2 | 11096.3 |
| 7 | Capped additional contribution by non-defaulting members of the segment * | 00 | 00 | 00 | 00 | 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 CC resources is based on financial results as on September 30, 2023.

* 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.

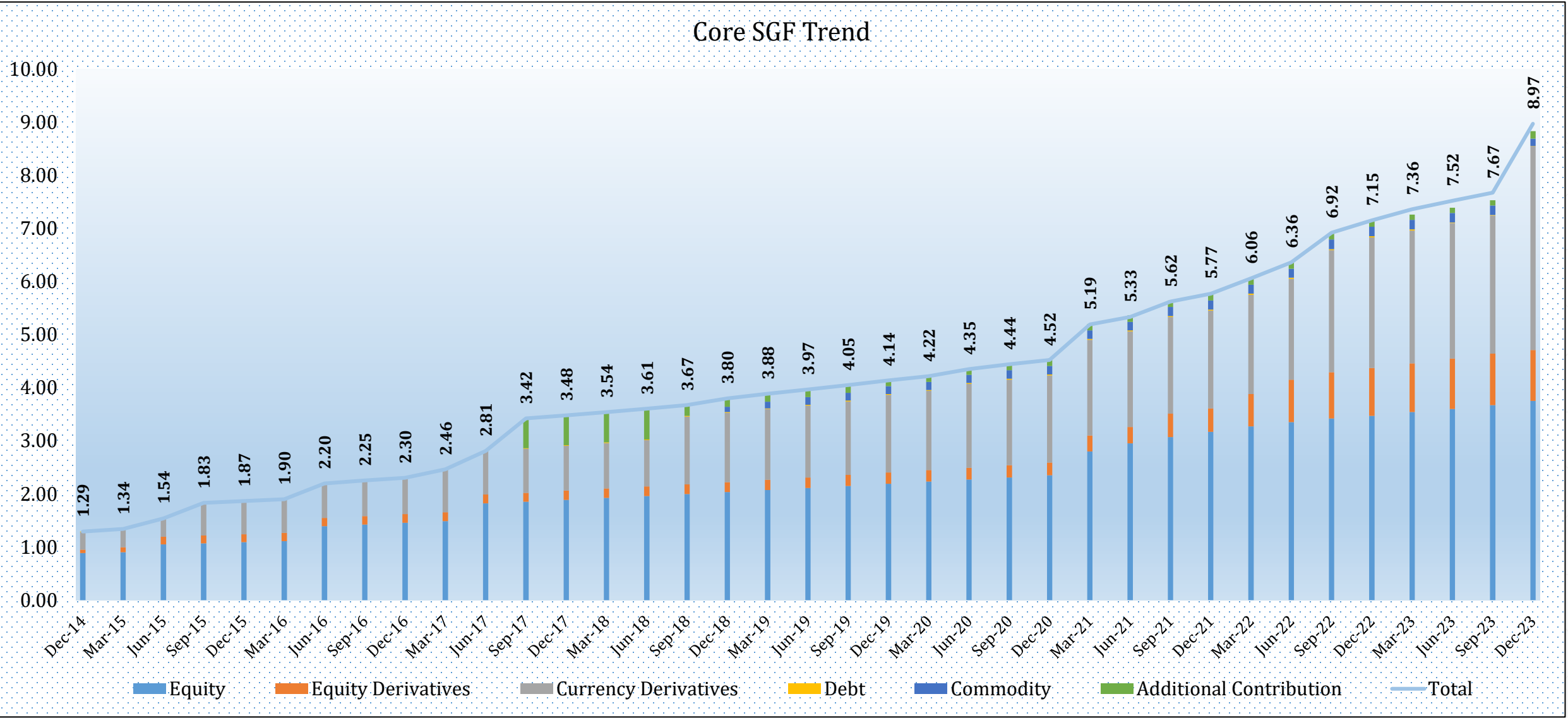
*** As per the guidelines prescribed by ICCL Circular dated January 7, 2020 on "Contribution by a non-defaulting member in the Default waterfall of Clearing Corporations".

CORE SETTLEMENT GUARANTEE FUND

| December 2023 (Rs. in Million) | | | | | |
|--------------------------------|-------------------|-----------------------|-----------------------|---------------------|---------------|
| Segments | ICCL Contribution | Exchange Contribution | Members' Contribution | Other Contributions | Total |
| Equity | 2035.7 | 1096.2 | 00 | 623.9 | 3755.8 |
| Equity Derivatives | 539.2 | 203.8 | 00 | 226.1 | 969.1 |
| Currency Derivatives | 2331.7 | 1375.9 | 00 | 126.9 | 3834.5 |
| Debt | 19.6 | 00 | 00 | 00 | 19.6 |
| Commodity Derivatives | 71 | 71.4 | 00 | 03.9 | 146.3 |
| Additional Contribution* | 20.9 | 124.2 | 00 | 00 | 145.1 |
| Total | 5097.8 | 2897.9 | 00 | 980.8 | 8976.5 |

*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

| December 2023 (Rs. in Million) | | | | |
|--------------------------------|-------------------|-----------|---|-----------|
| Segment | ICCL | | NSCCL | |
| | Limited Liability | Insurance | Limited Liability | Insurance |
| Equity Cash Segment | 1 | 4501.20 | 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 |
| Equity Derivatives Segment | | | | Nil |
| Currency Derivatives Segment | | | | Nil |
| Debt Segment | | | | Nil |

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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