



Media Release

ICCL Renews Counterparty Default Insurance of INR 4.15 Billion

Mumbai, April 10, 2019: The Indian Clearing Corporation (“ICCL”) has renewed its Counterparty Default Insurance cover to INR 4.15 Billion. Now in its sixth year, the objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL networth making the resources of the non-defaulting members even safer.

ICCL seeks to maintain sufficient financial resources to finance growth and ensure financial flexibility while maintaining its creditworthiness and liquidity. ICCL is the only clearing corporation in the World with such a Default Insurance, which comes above the Default Fund of the clearing corporation in the Default Waterfall. The policy further boosts the ability of ICCL to absorb losses before any resources of the non-defaulting members are put at risk. The magnitude of potential loss due to default a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the Clearing Corporation and additional capital cushions, which insulates the non-defaulting members’ resources from the default loss. The additional capital cushion, provided by the Insurance cover, along with ICCL’s own resources in the Default Waterfall, covers more than 2 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike. This Default Insurance cover has been one of the enablers for ICCL to limit the liability of additional contributions by non-defaulting members to INR 1 Million.

About ICCL:

The Indian Clearing Corporation Limited (“ICCL”) was incorporated in April 2007, as a wholly owned subsidiary of BSE. ICCL clears and settles trades executed on all the segments of BSE, including Equity Cash, BSE SME, Offer for Sale, Securities Lending & Borrowing, Equity Derivatives, Debt Segment, Sovereign Gold Bonds, Interest Rate Futures, Currency Derivatives Segment and Commodity Derivatives segment. It also settles trades reported on the Indian Corporate Debt Segment and the Mutual Fund segment of BSE.

ICCL operates under the primary regulation of the SEBI and also the Reserve Bank OF India (“RBI”) for select products. ICCL has received recognition as a Third Country Central Counterparty (“TC-CCP”) by European Securities and Market Authority (ESMA) in accordance with the European Market Infrastructure Regulation (EMIR). A TCCCP recognized under the EMIR process also receives the Qualified Central Counterparty (“QCCP”) status across the European Union, and so is subject to lower capital requirements/charges under the Basel III Framework introduced by the Basel Committee on Banking Supervision. ICCL has also received temporary recognition pursuant to the UK Statutory Instrument The Central Counterparties (Amendment, etc., and Transitional

Provision) (EU Exit) Regulations 2018 (“the SI”). The Temporary Recognition Regime (“TRR”) will enable ICCL to provide clearing services and activities in the UK.

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 aims to provide secure, capital-efficient counterparty risk management and post-trade services and has put in place a robust risk management framework to mitigate the risk it undertakes in its capacity as a clearing corporation.