

Media Release

Indian Clearing Corporation Limited recognised by ESMA as a Third-Country CCP

Mumbai, October 04, 2017: Indian Clearing Corporation Limited (“ICCL”), the clearing arm of the oldest stock exchange in India, BSE, has received recognition as a Third-Country Central Counterparty (“TC-CCP”) by the European Securities and Markets Authority (“ESMA”) in accordance with the European Market Infrastructure Regulation (“EMIR”) vide their letter dated September 27, 2017. This comes on the heel of ICCL being granted recognition by the Securities and Exchange Board of India (“SEBI”) for a period of three years.

ICCL had earlier applied to ESMA as a TC-CCP under EMIR which was, inter-alia, contingent upon India being rated "Equivalent" by the European Commission. On December 16, 2016, the European Commission determined that India has an equivalent regulatory regime for central counterparties to the European Union. On June 7, 2017, the Union Cabinet (India) gave its approval to SEBI for entering into a Memorandum of understanding (“MoU”) with ESMA in relation to Mutual Co-operation. On June 21, 2017, SEBI established the MoU with ESMA under EMIR.

EMIR was adopted by the European Parliament on July 4, 2012 and entered into force on August 16, 2012. Under EMIR, a CCP not established in the European Union may provide clearing services to clearing members or trading venues established in the European Union only if it is recognised by ESMA TC-CCP.

A TC-CCP recognised under the EMIR process also receives the Qualified Central Counterparty (“QCCP”) status across the European Union.

A QCCP member is subjected to lower capital requirements/charges under the Basel III Framework introduced by the Basel Committee on Banking Supervision. A European clearing member registered with a QCCP like ICCL will be a beneficiary of the enhanced

risk management framework of ICCL and will also benefit from the application of concessional risk weightings to their group's novated exposures to QCCPs.

“This is an important landmark for centralised clearing in India; cementing ICCL's place as a leader in risk management practices in India. The recognition reinforces ICCL's status as a preferred CCP in the International Financial Markets. ICCL's robust risk management framework enables members to manage their counterparty risk efficiently, with lower capital requirements arising out of ICCL's status as QCCP granted by SEBI and ESMA,” said Mr. K. Kumar, MD&CEO, ICCL.

About ICCL

ICCL is a wholly owned subsidiary of BSE and carries out the functions of clearing, settlement, collateral management and risk management for various segments of BSE.

ICCL is a recognised clearing corporation under Regulation 4 and 12 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. ICCL is regulated by SEBI and the Reserve Bank of India (“RBI”), for select products. 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.