

CIRCULAR

Circular No.

20190205-1

Circular Date

20190205

Category

Post Trade

Segment

Debt

Subject

Clearing and Settlement of Debt Securities

Attachments

- [Annexures](#)

Dear Members,

Subject: Clearing and Settlement of Debt Securities

In continuation to India ICC's circular no. 20180222-1 dated February 22, 2018 and circular no. 20181024-4 dated October 24, 2018, an additional feature for settlement of debt securities is given below:-

1. Appointment of Custodians

Participant or trading member desirous of transacting in the debt securities listed on the India INX shall be required to enter into necessary arrangements and maintain accounts with custodians registered in India or global custodians registered in a Financial Action Task Force (FATF) member jurisdiction for the purpose of holding debt securities.

1.1. A trading member, who is transacting or reporting in its proprietary account, or a participant of reporting platform in the debt securities listed on India INX, shall be required to submit following documents to India ICC :

- a) Request letter from trading member or Participant, authorizing Custodian to settle deals executed on India INX. Format of the letter is attached as Annexure 1.
- b) Letter from Custodian confirming clearing and settlement of debt securities. Format of the letter is attached as Annexure 2.

1.2. A trading member, who is transacting or reporting on behalf of its clients, in the debt securities listed on India INX, shall be required to request for a custodial participant code by submitting the following documents :

- a) Request letter from trading member for issuance of Participant Code. Format of the letter is attached as Annexure 3.
- b) Request letter from client, authorizing Custodian to settle deals executed on India INX. Format of the letter is attached as Annexure 1.
- c) Letter from Custodian confirming clearing and settlement of debt securities. Format of the letter is attached as Annexure 2.

2. Clearing and Settlement of deals

The trades shall be settled on a trade-for-trade basis. The information relating to obligations arising out of each trade shall be communicated to the custodians of the respective market participant / trading member by India ICC.

India ICC shall provide the settlement details to custodian as per Annexure 4.

3. Settlement mechanism

The settlement of the trades shall require to be performed by the custodians on a T+1 basis. For carrying out the settlements, the custodians shall use the delivery-versus-payment mechanism provided by the ICSDs with whom the issuer of the debt securities has entered into

necessary arrangement. The custodians shall be required to report the status of settlement to the Clearing Corporation on T+1 by IST 21.00 Hrs. Format for confirmation of settlement is attached as Annexure 5.

There shall be no settlement guarantee and margin requirement for the deals reported or trades executed on Exchange platform.

In case of trades executed on Exchange platform, failure to complete settlement shall be treated as a violation and India ICC will levy penalty of 0.07% of value of reported deal.

Members are advised to take note of above.

For any further clarifications, members may contact the following:

Department	Contact No.	Email id's
Clearing & Settlement Operations	+91 079-61993172 / 167	falguni.rajani@indiaicc.com dipen.shah@indiaicc.com hetal.shah@indiaicc.com

**For and on behalf of
India International Clearing Corporation (IFSC) Limited**

**Vinod Ramachandran
Chief Risk & Regulatory Officer**

**Hetal Shah
Head - Clearing & Settlement Operations**

Annexure 1

Format of Letter from Trading Member / Client

(To be given on the letter head)

Date:

India International Clearing Corporation (IFSC) Limited
1st Floor, Unit No. 102, The Signature,
Building no. 13B, Road 1C, Zone 1, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat – 382355

Dear Sir,

Sub: Appointment of M/s. (Name of the Custodian) as Custodian in India ICC

We wish to inform you that we have appointed M/s. _____ as Custodian for clearing and settlement of trades executed in Debt Securities, at India INX, on behalf of us.

In view of this we request you to allot Custodial Participant code for India INX.

Details are as follows:

S. No	Particulars	Details
1	Trading Member / Client Name	
2	SEBI Registration No. (if applicable)	
3	Registered Office	
4	Name of the contact person & designation	
5	Depository	Euroclear / Clearstream
6	Account No.	
7	Telephone No.	
8	Fax No.	
9	Email ID of the contact person	

Thanking you,

Yours faithfully

Authorized Signatories

Annexure 2

**FORMAT FOR CONFIRMATION OF CLEARING AND SETTLEMENT OF
DEBT SECURITIES BY CUSTODIAN
(To be given by the custodian on the letter head)**

India International Clearing Corporation (IFSC) Limited
1st Floor, Unit No. 102, The Signature,
Building no. 13B, Road 1C, Zone 1, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat – 382355

Date :

Dear Sir,

Sub: Clearing and Settlement of debt securities

We refer to a request received from our client to provide confirmation for clearing and settlement for trading of debt securities at India INX

We confirm, under the present market structure for trading in debt securities at India INX that clearing and settlement of debt securities shall be done by us for the following client:

Name	
Type of entity	
SEBI Registration No. (if applicable)	
Registered Office Address	
CUSTODIAN DETAILS:	
Custodian Name	
Name of the contact person & designation	
Telephone No.	
Fax No.	
Email ID of the contact person	
Depository	Euroclear / Clearstream
Account No.	

Thanking you,
Yours Sincerely

Authorised Signatories

Annexure 3

Application format for activation, deactivation, modification and change in Custodian of Custodial Participant Code at India ICC

(To be given by the Trading Member on the letter head)

India International Clearing Corporation (IFSC) Limited
 1st Floor, Unit number 102, The Signature,
 Building No. 13 B, Road 1 C, Zone 1,
 GIFT IFSC, Gandhinagar
 Gujarat 382355

Dear Sir,

Type : 1. Activation 2. Deactivation 3. Modification (Name)		
Particulars	Applicable to "Type"	Details
Category (for eg. FPI)	1,2,3	
FPI Category, if FPI (I, II or III)	1	
FPI type-Required for FPI category III (Select any one) Corporate bodies=Y Individuals=Y Family offices=Y Other=N	1	(Y / N / NA)
Client Name (Please mention new name and old name in case of name change)	1,2,3	
SEBI Reg. No.	1,2,3	
Permanent Account Number (PAN)	1,2,3	
Activation/ Deactivation/ Modification (Name) Effective Date:	1,2,3	

The information furnished above is true to the best of my/our knowledge and belief and I/we undertake to inform that all KYC checks have been performed by us.

I/we undertake that I/we shall settle all the transactions done by the above client until deactivation and comply with such requirements as stipulated by the Exchange/Clearing Corporation from time to time.

TM Code:

Thanking You,
Yours faithfully

Authorized Signatories