

Circular Reference Number	AMC Repo/Risk/2023-24/02
Circular Date	April 26, 2023
Department	Risk

To

All Issuers of listed Debt Securities
Recognized Stock Exchanges

Sub: Contribution by Issuers to Core Settlement Guarantee Fund (Core SGF) of AMC Repo Clearing Limited

Pursuant to SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, AMC Repo Clearing Limited (ARCL) as a recognized Limited Purpose Clearing Corporation, issues the following operational guidelines for the issuers' contribution to Core SGF.

2. The issuers of listed debt securities will be identified as per the following criteria:

- Positive net worth as per the latest audited financial statements
- Profit making as per the latest audited financial statements.
- Equity of the entity shall be listed on one or more stock exchanges.
- PSUs fulfilling only the first two conditions a) and b) as above are also eligible.
- Long term debt rating of the eligible securities shall be AAA, AA+, AA and AA- (excluding AA- with negative outlook). In case of multiple long-term ratings for the issuer, the lowest long-term rating from the rating agencies will be considered.

3. ARCL shall carry out the exercise of identification of eligible issuers annually during the First quarter of the financial year and the list of eligible issuers will be notified in the second quarter which will be effective from 01st October of the year. However, the current list of eligible issuers is prepared based on the audited financial statements as at the end of 31st March 2022; the contribution to Core SGF for all their new issuances will be effective from 01st May 2023 as per the abovementioned SEBI Circular. The list of eligible issuers is given in Annexure-1.

4. Exchanges are requested to notify ARCL, if any new issuer becomes eligible to contribute to the Core SGF anytime during the year.

5. ARCL shall also specify the types of securities / instruments to be included in the eligible list along with the list of eligible issuers every year. Accordingly, the eligible issuer shall contribute to Core SGF for the new issues as per the eligible list issued on or after 01st October till 30th September of the subsequent year. The types of eligible debt instruments and exclusions are given in Annexure-2.

6. The eligible issuer shall contribute to the Core SGF for all new issuances issued on or after 01st October till 30th September of the subsequent year.

7. The contribution to Core SGF shall be collected only for the new issuances and shall not be collected on the existing outstanding eligible securities of the eligible issuers.

8. In terms of Para 4 (e) of the aforementioned SEBI circular, an illustration of the computation of the Contribution to Core SGF is given below:

Sample Issuance Amount – in Rs. Crores	1000
Date of Issuance	06-05-2023
Maturity Date of Bond	06-07-2028
Maturity Period of the Bond	5 Year 61 days
Core SGF contribution per Annum	0.5 bps
Day Count Convention	Actual/ Actual

Period		No. of days in Year							
Start	End	Calendar year start	Calendar year End	No. of Days in period	No. of Days in calendar year	Actual /Actual (A)	Core SGF charge (B)	Issuance Amount in Rs. Crore (C)	Core SGF Payable (Rs. In Crore) = A*B*C
06-05-2023	31-12-2023	01-01-2023	31-12-2023	240	365	0.66	0.00005	1000	0.0329
01-01-2024	31-12-2024	01-01-2024	31-12-2024	366	366	1.00	0.00005	1000	0.0500
01-01-2025	31-12-2025	01-01-2025	31-12-2025	365	365	1.00	0.00005	1000	0.0500
01-01-2026	31-12-2026	01-01-2026	31-12-2026	365	365	1.00	0.00005	1000	0.0500
01-01-2027	31-12-2027	01-01-2027	31-12-2027	365	365	1.00	0.00005	1000	0.0500
01-01-2028	06-07-2028	01-01-2028	31-12-2028	187	366	0.51	0.00005	1000	0.0255
Total Core SGF payable upfront Rs. Crore (rounded off to 4 decimals)									0.2584

Note:- Calculator for Computation of Issuer contribution towards Core SGF has been placed under the Section download on www.arclindia.com Website.

9. ARCL may make securities ineligible during the financial year due to adverse issuer/ issue specific news, credit event, rating downgrade etc. The contribution to Core SGF and any income accrual on such contribution will not be returned or distributed to the issuers under any circumstances without prior approval of SEBI.

10. This circular will be made effective from 1st May 2023. The issuers and stock exchanges are requested to take note of the guidelines issued in this circular for implementation.

AMC Repo Clearing Limited

Authorized Signatory
Deepak Upadhyay

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Encl: Annexure 1
Annexure 2
Calculator for Computation of Issuer contribution towards Core SGF