

CIRCULAR

Circular Reference Number	ARCL/Secretarial/2024-25/97
Circular Date	November 22, 2024
Department	Secretarial

To
All Shareholders,

Sub: Prior approval of AMC Repo Clearing Limited (ARCL) for transfer/ divest/ sell/ buy of equity shares of ARCL

Securities and Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/17 dated February 02, 2021, had mandated AMCs of Mutual Funds to contribute INR 150 Crores towards Share Capital of Limited Purpose Clearing Corporation (“LPCC”), that the contribution of AMCs shall be based on Average AUM of debt-oriented schemes, for the Financial Year (FY) 2020-21. Accordingly, thirty-seven (37) Mutual Funds have currently contributed INR 150 Crores towards the share capital of ARCL.

ARCL has been granted recognition as a Limited Purpose Clearing Corporation (LPCC) by SEBI under Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (“SECC Regulations, 2018”). As per sub-regulation 4 of Regulation 22B of SECC Regulations, 2018, the shareholding of persons setting up the LPCC shall be locked-in for a period of five years from the date of grants of recognition by the Board (SEBI). Accordingly, all shares held by the shareholders of the company shall be locked-in for a period of five years from the date of grant of initial recognition i.e. January 17, 2022, till January 16, 2027.

Further, ARCL has received Certificate of Authorization dated February 28, 2023, from Reserve Bank of India (“RBI”) under Payment and Settlement Systems (“PSS”) Act, 2007, to provide Central Counterparty (“CCP”) services for clearing and settlement of repo transactions in corporate debt securities that are traded on recognized stock exchanges. RBI has also given its approval to ARCL to act as a Tri-party Repo Agent for repo trades in corporate debt securities.

As an RBI authorised Central Counterparty (CCP), ARCL is required to comply with the RBI Directions for Central Counterparties, 2024 (attached as **Annexure I**). According to the Directions for Central Counterparties, the eligibility for acquiring or holding shares (applicable for domestic CCPs) is as given below:

- (1) No person shall, directly or indirectly, acquire or hold equity shares of an authorised CCP unless he / she fulfils “fit and proper” criteria and submits the same on annual basis.
- (2) No person shall transfer / divest / sell / buy equity shares of an authorised CCP without prior approval of RBI –
 - a. If the transfer of shares is equal to or more than 5% of the shares of the CCP or
 - b. Where the acquisition of shares and cumulative shareholding reaches 5% or more.
- (3) Authorised CCP shall inform RBI about the transfer or divestment within 15 calendar days of approval of transfer or divestment of equity shares by its Governing Board.

Hence, all shareholders of ARCL are mandatorily required to take prior approval of RBI and shall also seek approval of ARCL before any transfer/ divest/ sell/ buy of equity shares is initiated in order to comply with SEBI and RBI guidelines in this regard.

For and on behalf of
AMC Repo Clearing Limited

Authorized Signatory
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