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1 Introduction

AMC Repo Clearing Limited (ARCL/Clearing Corporation) is a Limited Purpose Clearing Corporation (LPCC), constituted under SECC Regulations 2018 of SEBI to provide clearing and settlement services with guaranteed settlement for repo trades in corporate debt securities. RBI has approved the tri-party repo product of ARCL and permitted ARCL to act as a Tri-party Agent for tri-party repos in corporate debt securities. RBI has also granted authorization to ARCL under Payment and Settlement System (PSS) Act 2007, to offer Central Counterparty (CCP) services for repo transactions in corporate debt securities.

2 Definitions

Clearing Members: Clearing Members for this purpose shall mean the Members of Repo Segment of ARCL who may participate in repo transactions for its own proprietary book and/or on behalf of its clients.

Client: Clients include Participants, Constituents and may also include proprietary account of Member.

Constituent: Constituent is a client who is registered with ARCL through Clearing Member. The constituent is an entity who manages collateral directly with ARCL and settles fund obligations through the Clearing Member.

Forward Leg (Repo maturity): Forward Leg is the second leg of repo transaction or reversal leg of Ready Leg Repo transaction whereby the member/client who has borrowed funds in the first leg is obliged to return the funds borrowed in the Ready Leg of the Repo transaction.

Participant: Participant is a client who is registered with ARCL through Clearing Member. However, Participant is an entity who manages collateral directly with ARCL and also settles its fund obligations directly with ARCL.

Ready Leg: Ready Leg is the first leg in a Repo transaction in which the member/client borrows/lends funds against the collateral/margin transferred to the Clearing Corporation for the trades to be executed on the TRM platform of the Exchange.

Repo Deals: “Repo deals” are trades executed on the Tri-party Repo Market (TRM) platform in Debt Segment of the National Stock Exchange of India Ltd (Exchange).

Repo Rate: Repo Rate is the annualized rate the funds are borrowed or lent for the repo tenor.

Repo Tenor: Repo tenor means the number of days for which the borrowing or lending is undertaken.

Settlement Obligation: Settlement Obligation means the actual amount payable or receivable by the Clearing Members/Clients for the settlement.

T+0 Settlement: T+0 settlement indicates that the Ready Leg Repo deal shall be settled on the trade date i.e. same day settlement.

T+1 Settlement: T+1 settlement indicates that the Ready Leg Repo deal shall be settled on the business day immediately following the trade date i.e. next business day.

Tri-party Repo: Tri-party Repo means a repo contract where a third entity (apart from the borrower and lender), called a Tri-party Agent, acts as an intermediary between the two parties to the repo transaction to facilitate services like collateral selection, payment and settlement, custody and management during the life of the repo transaction.

3 Product

RBI has accorded approval to ARCL to act as a Tri-party Repo Agent and to offer Tri-party repo in corporate debt securities.

The product specification for Tri-party repo is given below:

Repo Type	Basket Repo. Baskets would be constituted based on the combination of issuers, rating, bond category etc. The Baskets that are available for trading are given in Part B of this circular.
Instrument Type	Discounted instrument i.e. discounted consideration in the ready leg and trade value as consideration in the forward leg
Repo Tenor	From one day to 365 days. Currently, repo tenor will be available for maximum of 7 calendar days with daily maturity.
Contract size	Minimum Rs.5 lakh and in multiples of Rs.5 lakhs thereof
Ready leg Settlement cycle	T+0 and T+1
Market Timings for: T+0 settlement T+1 settlement	9:00 am to 1:00 pm 9:00 am to 5:00 pm
Single Order value / Quantity Freeze	INR 250 Crores

4 Trading

In terms of SEBI circular dated November 6, 2020, ARCL has entered into an agreement with National Stock Exchange of India Ltd (NSE) – “specified stock exchange” for trading of ARCL’s Tri-party repo product on their trading platform under Tri-party repo of the Debt Segment. NSE, vide its circular dated No. NSE/DS/57672, dated July 21, 2023, has provided details of trading in Tri-party repo platform.

5 Clearing & Settlement

In terms of SEBI Circular dated November 06, 2020, ARCL has entered into an outsourcing arrangement with NSE Clearing Limited (NCL) for the purpose of clearing and settlement and related activities for using their core and critical IT infrastructure. In view of such an outsourcing arrangement, the trades executed on NSE are cleared by ARCL through its outsourced entity NSE Clearing Ltd. (NCL).

6 Membership

Currently, for participating in the Tri-party corporate bond repo, “trading cum self-clearing membership” is provided to the eligible entities. The trading cum self-clearing member may participate in repo transactions for their own proprietary book and/or for their clients.

- Trading membership shall be with the specified stock exchange through which it proposes to trade. Trading membership will be governed by the Bye-laws, Rules and Regulations of the specified stock exchanges. For obtaining trading membership, the applicant is required to complete the necessary documentation with NSE from where they will execute the trades; and
- Clearing Membership shall be with ARCL for clearing and settlement. Clearing Membership will be governed by Bye-laws, Rules and Regulations of ARCL and circulars issued from time to time.
- The eligibility criteria for ARCL Membership are available on link [Membership Criteria \(arclindia.com\)](http://arclindia.com)
- In order to ensure that the email received by ARCL is from an authorised person, the members/participants are requested to submit the department wise contact details of persons who

are authorised to send / receive e-mail. The details should be provided on the letterhead, duly signed by authorised signatories in the format provided in the PART C of this master circular. Also, the circular for the same is available on ARCL website in the link <https://www.arclindia.com/circulars>

6.1 Clearing Membership Eligibility Criteria

Clearing Member Category	Minimum Net worth (Rs. Crore) & Other Conditions
Standalone Primary Dealers	Rs. 150 Crores and above
Scheduled Commercial Bank	- Rs. 500 Crores and above - CRAR 11.5% and above
Insurance Companies	- Rs. 100 Crores and above 150% Solvency margin
Asset Management Companies	Net worth Rs. 50 Crores
Trading Member/Stockbroker other than mentioned above (Base Net worth)	Rs. 5 Crore and above

- For Clearing Membership with ARCL, necessary documents are required to be submitted to ARCL for registration as well as for enablement along with ARCL admission fee, SEBI Annual fees and interest free deposits. The documentation required along with the procedure for registration and enablement of clearing membership is provided on the ARCL website and is accessible via the given link: <http://arclindia.com/documentation>.
- Registration application and all required details/documents are to be submitted directly on the ARCL Web Portal <https://prod.arclconnect.com/arcl/rest/login>.
- After submission of documents by eligible entities, ARCL will process the documents and inform the status of admission to the entity through a letter and/or email.
- Upon successful admission of an entity, ARCL will activate the entity for Tri-party repo transactions subject to fulfilment of conditions as specified by ARCL in the admission letter, if any.

7 Clients Registration

As per Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 – (including Amendments done from time to time), the following are eligible to participate in repo transaction:

- Any regulated entity.
- Any listed corporate.
- *Any unlisted company, which has been issued special securities by the Government of India, using only such special securities as collateral.
- Any All-India Financial Institution (FIs) viz. Exim Bank, NABARD, NHB, Small Industries Development Bank of India (SIDBI), and National Bank for Financing Infrastructure and Development constituted by an Act of Parliament; and
- Any other entity approved by the Reserve Bank from time to time for this purpose.

* Currently, such entities are not eligible to participate in the repo in corporate debt securities as per ARCL Eligibility Criteria

The eligible entities (as prescribed by RBI) who are allowed to participate in repo in corporate debt securities as well as satisfy the eligibility criteria specified by ARCL, however are not permitted to take membership on stock exchanges/clearing corporation and those eligible entities who do not want to take membership on stock exchanges/clearing corporation may participate in repo transactions as clients of trading member(s)/clearing member(s). There are two categories of clients namely “Participant” i.e. Direct Clients and “Constituents” i.e. Indirect clients.

7.1 Participants¹ / Direct Clients:

This category of clients will take registration through the trading member/ clearing member of ARCL for participating in repo transactions. In this approach, the Participant shall be responsible for collateral/margin and settlement. With the consent of the clearing member, a Participant will manage collateral and/or margin (i.e., deposit and withdrawal) directly with the clearing corporation from its demat account and bank account respectively, without routing through the clearing member; and carry out settlement of funds directly with the clearing corporation in its own settlement bank account without routing through its clearing member's bank account.

The process flow for transfer of collaterals & margins, settlement of funds for Participant is similar to the process flow for clearing members of ARCL and the details are given in subsequent paragraphs.

To register as “Participant”, the necessary documents are required to be submitted to ARCL through clearing member along with admission fees and interest free deposits. The details of the documents along with the procedure for registration is provided on ARCL website in the link: <http://www.arclindia.com/clientsdocumentation/participants>.

7.2 Eligibility Criteria for “Participant”

Participant Category	Minimum Net worth (Rs. Crore) & Other Conditions
Scheduled Commercial Banks	- Net worth of Rs. 500 Crores and above - CRAR 11.5% and above
Standalone Primary dealers	Net worth of Rs. 150 Crores and above
Mutual Funds	- Debt Assets Under Management more than Rs. 10 Crores - OR - Net worth of appointed AMC is Rs. 50 Crores
NBFCs (Excluding Standalone Primary Dealers) NBFC Category shall also include all categories of entities registered with the RBI as an “NBFC” which inter-alia include the following: - NBFC - Investment and Credit Company - NBFC - Micro Finance Institution - NBFC - Infrastructure Finance Company - NBFC - Core Investment Company - NBFC - Housing Finance Companies - Housing Finance Companies registered with National Housing Bank - NBFC - Factor - NBFC - Account Aggregator - NBFC - Peer-to-Peer Lending Platform - NBFC - Non-Operative Financial Holding Company - Mortgage Guarantee Company - Any other NBFC category as regulated by RBI	- NBFCs having Asset Size above Rs. 100 Crores - Positive net worth
Insurance Companies	- Net worth of Rs. 100 Crores and above - Solvency margin 150% or more
All India Financial Institutions	Positive net-worth

¹ Please refer Gazette Notification of Securities Exchange Board of India (SEBI) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2023, Securities and Exchange Board of India (Stock Brokers) (Second Amendment) Regulations, 2023 .

Participant Category	Minimum Net worth (Rs. Crore) & Other Conditions
Listed Corporates	Net worth of Rs. 1,000 Crores and above
Co-operative Banks	Net worth of Rs. 500 Crores and above
AIFs – Category I, Category II and Category III	Corpus of at least Rs. 20 Crores (applicable at the Scheme level of the AIFs)
SEBI Regulated Entities other than Stockbrokers, Mutual Funds and AIFs	Net worth above Rs. 100 crores.
SEBI Regulated Entities Stockbrokers – Other than Members of NSE Debt Segment	- Active trading membership with any segment of recognized stock exchanges OR - Active trading membership with any segment other than Debt segment of NSE. - Net worth Rs. 5 Crores
All other Regulated Entities	- Net worth above Rs. 100 Crores OR - Assets Under Management of Rs. 100 Crores, whichever is applicable

Note:

- Net worth should be calculated as per methods provided by their respective regulators.*
- Any other criteria as specified by ARCL from time to time.*
- ARCL will have discretion to decide on registration of Participants on case-to-case basis.*

The registration with ARCL is mandatory for all clients i.e. “Participant”. ARCL will provide unique “Participant Code” (CP Code) to each client. The client must use the same CP code at the time of trading. ARCL also provide Primary Member code which will be used for clearing and settlement.

Further, it is mandatory for all clients (including proprietary trading members) to have membership of **F-TRAC** platform in CB Repo Segment for reporting of corporate bond repo trades, which is managed by Clearing Corporation of India Ltd. (CCIL). For trades executed in Tri-party repo in corporate bonds, reporting on F-TRAC platform will be done by ARCL on behalf of members/clients.

Currently, Tri-party repo will be allowed only for proprietary trading members and Participants. Tri-party repo for “Constituents” will be made available subsequently.

8 Collateral / Margin

Chapter IV of Repo Segment Regulations of ARCL refers to the collateral and margin contribution to be made by the members and clients.

8.1 Collateral/Initial Margin by Members / Clients

The collateral/initial margin shall be towards the following requirement:

- Lending position – initial margin
- Borrowing position - collateral

8.1.1 Lending positions

Clearing Members/Clients desirous to enter Lend Repo deals shall be required to provide an initial margin in the form of cash. Such initial margin shall be deposited upfront i.e. before submitting Lend Repo order on the TRM platform. Only those lending orders that satisfy the initial margin requirement vis-a-vis cash collateral deposited by the Clearing Members/ Clients will be accepted for matching.

8.1.2 Borrowing positions

Clearing Members / Clients desirous to enter Borrow Repo deals shall be required to provide eligible corporate debt securities as specified by Clearing Corporation from time to time. Such collateral shall be deposited upfront i.e. before submitting Borrow Repo order on the TRM platform. In addition:

- a) Only those borrow orders that satisfy collateral requirement will be accepted for matching.
- b) Each eligible security is assigned/mapped only to one basket repo.
- c) The borrowing limit will be assigned to the basket repo in which the security is mapped. Further, the basket for the eligible collateral will be based on the latest lowest instrument level rating of the issuer.

9 Eligible Corporate Debt Securities as Collateral

ARCL will specify the list of eligible securities which shall qualify for collateral contribution for borrow position. ARCL will publish the list of eligible securities on its website by last working day of every month which will be effective from the 1st day of subsequent month. ARCL may modify the list of eligible securities during the month based on new additions, rating modifications, etc.

Clearing Corporation will make eligible securities in-eligible based on parameters like corporate action, change in rating, minimum residual maturity etc. and such securities declared as ineligible will not be reckoned for collateral contribution by the Clearing Members from the effective date of such ineligibility. Kindly refer to “Handling of Corporate Action for Eligible Securities Provided as Collateral” section for additional information.

Clearing Corporation may, at its discretion, specify the maximum amount of a single security or group of securities that Members/Clients may deposit by way of collateral contribution.

It shall be the responsibility of the Members/Clients to ensure that its exposures on the outstanding deals are fully covered by the value of the collaterals maintained by it with the Clearing Corporation.

Clearing Members/Clients cannot place securities issued by their associates, subsidiaries, holding or group companies as collateral.

Clearing Members/Clients shall be required to transfer the eligible securities as collateral to ARCL Settlement pool account as specified in point 9.2. Clearing Members/Clients shall give the collateral addition and release request only through ‘ARCL Connect’ interface. Only in unusual scenarios the request will be considered through E-mail. Clearing Members/Clients send the e-mail request to operation@arclindia.com. The format for addition and release of collateral will be provided in ARCL website under collateral. <https://www.arclindia.com/collateral>.

9.1 Handling of Corporate Action for Eligible Securities Provided as Collateral

Corporate Bonds will be made temporarily ineligible 45 days before the date of corporate action such as interest payment, put/call option etc. Such ineligible security is again made eligible on the 2nd business day of the corporate action date.

However, in case record date of corporate action is available or made available by market participants to the clearing corporation, the security will be made ineligible 5 days before record date instead of 45 days before the date of corporate action. Further, the security will be made eligible on the 2nd business day of the record date instead of day following the corporate action date. Valuation for such securities between record date till corporate action date will be done on ex-interest basis

In case of Commercial Paper (CP) and Certificate of Deposit (CD), the security will be made ineligible 5 days before the maturity date.

The Clearing Members/Clients shall be responsible for submitting the release request for the said security prior to the record date. In the event the said security remains blocked, the depositing Clearing Members/Clients shall ensure substitution of the reference security. If the Members/Clients fail to submit the release request before the record date and the security is not blocked, ARCL shall automatically release the security and intimate the same to the Members/Clients.

In the event the security is not released from ARCL's account as on the record date and ARCL receives the coupon amount post deduction of TDS, the corresponding TDS amount shall be transferred to the respective Clearing Member/Client as per provisions of section 390 of the Income Tax Act, 2025, read with Rule 203 of the Income-tax Rules.

The onus of getting the security released will be on the Clearing Member/Client.

9.2 Process for transfer of securities

A Clearing Member/Client desirous of borrowing shall transfer eligible securities as per the procedure specified by ARCL from time to time. The eligible debt securities shall be transferred upfront i.e. prior to submitting borrow orders on the trading platform of the exchange. The Clearing Members/Clients shall maintain a Dematerialised Account (Demat) account with a Depository Participant of the depository (currently with National Securities Depository Limited (NSDL)) for the purpose of transferring collaterals to the ARCL settlement pool account. The Demat account details should be in the name of the entity registered for the ARCL Repo segment.”. Currently, Clearing Members/Clients can map single demat account for transferring collaterals to the ARCL.

Clearing Members/Clients are required to transfer securities towards collateral requirement, from their existing Demat account maintained with the depository (currently with NSDL only) to ARCL Settlement Pool account for borrowing in Tri-party repos.

Clients (like Mutual Funds) who have multiple demat accounts for their schemes, are required to open a separate “**Beneficial Owner account**” (BO) account (currently with NSDL) for Tri-party Repo and transfer securities from its schemes to its BO account and from that BO account to ARCL Settlement Pool account.

Clearing Members/Clients shall send a request only through ‘ARCL Connect’ interface. Only in case of unusual scenarios, the request will be considered through E-mail. Clearing Members/Clients may send the e-mail request to operation@arclindia.com. The format for addition and release of collateral will be provided in ARCL website under collateral. <https://www.arclindia.com/collateral>. The ARCL will accept the collateral subject to fulfilment of various limits (like issuer limits, ISIN limit, credit rating limit etc.) as per the risk management.

Clearing Members/Clients are required to transfer securities towards collateral requirement to the below mentioned settlement pool account of Clearing Corporation for participating in Repo deals from their NSDL beneficiary account. While transferring securities, Members/Clients should transfer securities with settlement type and settlement number as specified by ARCL from time to time.

DP ID	IN001192
Client ID	10000012
Market Type	TR (TRI PARTY REPO CORP BOND)
CM Name	AMC Repo Clearing Limited
Settlement number*	As per settlement Calendar

*Month wise Settlement calendar is available on ARCL website under the Tab - Download>circulares (<https://www.arclindia.com/circulars>). Members/Clients are required to enter the settlement number corresponding to date on which security is transferred to ARCL demat account.

9.3 *Withdrawal and substitution of securities:*

Clearing Members/Clients shall be entitled to withdraw securities from its collateral contributions. ARCL shall allow such withdrawal of securities provided the remaining value of securities is sufficient to cover the outstanding obligations of the concerned Clearing Members/Clients. ARCL provides a facility to the Members/Clients to submit securities withdrawal request by sending a release request only through 'ARCL Connect' interface. Only in case of unusual scenarios, the request will be considered through E-mail. Clearing Members/Clients send the e-mail request to operation@arclindia.com. The securities shall be released in batches by ARCL. Clearing Members/Clients are requested to note the following with regards to Withdrawal and Substitution Request,

- a) ARCL will transfer the securities from ARCL Settlement Pool account to Clearing Members/Clients demat account.
- b) Clearing Members/Clients will be entitled to substitute securities deposited as collateral contribution with the eligible securities as specified by ARCL from time to time. For substitution of collateral, a Clearing Member/Client shall deposit eligible collateral first and then submit withdrawal request for the collateral already deposited with clearing corporation.
- c) Substitution shall be allowed only if the borrowing outstanding of the Clearing Members/Clients remains fully covered with the substitution of securities subject to fulfilment of various limits (like issuer limits, ISIN limit, credit rating limit etc.) as per the risk management.
- d) The Clearing Members/Clients shall be responsible for ensuring that its exposure for the outstanding deals is fully covered by the value of collaterals maintained by it with ARCL.
- e) Clearing Members/Clients shall monitor securities deposited as collateral to ensure that the securities due for redemption/corporate action are withdrawn as per the timeline specified by the ARCL from time to time and substituted by eligible securities of equivalent value, if needed. In the event of Clearing Members/Clients not withdrawing such security, Clearing Corporation will transfer such securities back to the demat account of the Members/Clients in case such securities are not utilized for borrowing. The Clearing Members/Clients can make the request for release or substitution of securities within the time specified by ARCL. The request for addition and/or release of collateral received up to 5:00 pm. will be completed on same day. Any request received post 5:00 pm will be processed on the next business day.

9.4 *Process for Transfer/Release of Cash Margin*

Clearing Members/Clients desirous of lending in repo transaction shall provide a cash margin at the rate 0.50% (for repo tenor up to 7 days) of lending value by transferring the amount to the settlement bank account maintained with the clearing banks.

- a) This instruction for addition and release of Cash margin request shall be provided through "ARCL Connect" interface. The funds towards margin should be transferred to Clearing Members/Clients respective settlement bank account only.
- b) Based on the request from clearing Clearing Members/Clients, ARCL will pull money from the settlement bank account to ARCL margin account.
- c) The benefit of such cash deposit requests shall be subject to bank confirmation from the respective clearing bank.
- d) Facility is provided to Clearing Members/Clients to release margin during the day. Clearing Members/Clients shall request for release of cash margin by sending the request through "ARCL Connect" interface.
- e) The release of the cash margin subject to the remaining margin is sufficient to cover outstanding

positions of the concerned Clearing Member/Client. The release of the cash margin will be done in batches. The margin will be released to the settlement bank account of the Clearing Member/client.

- f) The Members/Clients can provide the request for margin release within the time specified by ARCL. The Clearing Members/Clients can send the request for addition and/or release of margin by 5:00 pm for same day addition/release of margin.

10 Valuation of Collateral

The securities transferred by the Clearing Members/Clients as collaterals will be valued as below:

Value of Security = (Clean price + Accrued Interest) – Applicable Haircut

For calculation of accrued interest, “Actual/Actual” day count convention will be used.

<i>Example</i>	
Face Value of the Security: A	= 100000
Market Price of the Security: B	= 101
Market Value of the Security: C	= A X B = 100000 X 101/100 = 101000
Accrued Interest of the Security: D	= 1000
Haircut % applicable for the security: E%	= 10%
Hair-cut Value of the Security: F	= (C+D) X E% = (101000 + 1000) X 10% = 10200
Eligible Borrow Value of the security: G	= C + D – F = (101000 + 1000 – 10200) = 91800

11 Margin Requirement

11.1 Margin requirement for Lending

The margin rates for Repo deals shall be arrived at based on a model as may be decided by Clearing Corporation from time to time.

- To begin with the margin rate applicable for the Lend Repo deal shall be 0.50% (for repo tenor up to 7 days) on the lending amount.
- The margin applicable to the extent of net lending position for each maturity date within each basket is as decided by Clearing Corporation from time to time.
- In case clients have a receivable position on account of forward leg settlement, clients are allowed to take lend position against such receivable position without any additional margin.

11.2 Collateral requirement for Borrowing

The Collateral required for borrowing shall be as under:

Forward leg obligation =	Trade Value
Ready leg consideration =	Forward Obligation / [1 + (repo rate*repo tenor/365)]
The repo amount will be computed based on Actual/365 day-count convention.	

Example: traded value Rs.100 crore for one day at repo rate of 8% per annum.

Ready leg consideration =	100 / (1+(0.08*1/365)) = Rs.99.9780870 crore.
Forward leg payable	Rs.100 crore.

The collateral blocked shall be to the extent of net borrowed position at the forward leg for each maturity date within each eligible basket as decided by Clearing Corporation from time to time.

In the above example, margin is blocked 0.5% of Rs.99.9780870 crore and collateral are blocked for face value of Rs.100 Crore.

11.3 Mark to Market Margin

Bonds deposited towards collateral contribution by the Clearing Members/Clients will be marked – to – market on daily basis. ARCL will make a margin call in case the value of such securities falls short of the outstanding borrowing position of the clearing members/clients. Further, ARCL may require its clearing members/clients to provide additional collateral in case there is a sudden increase in the volatility of the bond or change in the ratings of the bonds. ARCL may also impose any such additional collateral requirement at any time during the day. In any such events, if it is observed that the collateral balance of the Clearing Members/Clients are inadequate to cover the requirement on account of existing borrowing, the Members/Clients will be required to replenish the shortfall as MTM margin as directed by ARCL.

Mark-to-market margin shall be payable by Clearing Members/Clients and shall be paid before 8.30 a.m. on the next business day, or such other time stipulated by ARCL depending on the event that has led to the deterioration in the value of collateral. Mark to market margin in case of borrowers will be collected in the form of eligible securities and in the instances where the borrowers do not have the eligible bonds, then they will have an option to provide cash. Such cash can be provided into the settlement bank account and intimate the same to ARCL. Failure to provide such an additional contribution by the Clearing Members/Clients within the stipulated time shall be treated as a violation and will be handled as per byelaws, rules and regulations of ARCL.

12 Settlement Obligation

12.1 Obligation generation

Details of computation of funds settlement obligations is as under:

- a) Repo Deals
- b) Settlement shall be on a net obligation basis.
- c) A net obligation shall be generated comprising following legs:
 - a. Current day trade with Ready leg settlement T0
 - b. Previous day trade will Ready leg settlement T1
 - c. Previous day's trade with forward leg settlement

12.2 Auction Settlement

Settlement shall be on a net obligation basis.

12.3 Rollover of Borrowing Position

- a) To facilitate clearing members/clients to borrow against the same collateral used for existing borrowing.
- b) Rollover can be done on the forward leg settlement day for the original borrow positions payable.
- c) Rollover can be done for the tenor which may be same or different from the original transaction.
- d) Collateral shall remain blocked till the settlement of forward leg of the rollover position.
- e) In case the rollover order requires any additional collateral, then such an order shall only be accepted if additional collateral is made available.
- f) The Clearing Members/Clients can use the roll-over borrow order facility provided by NSE for the same.

12.4 Funds Settlement

The funds settlement will happen through the clearing banks. The list of clearing banks is made available on ARCL website (<https://www.arclindia.com/clearingbank>). The Clearing Members/Participants will be required to open a Settlement Current account with any one of the empanelled banks for the purpose of settlement.

The nomenclature to be used for opening a settlement account with the clearing banks is ARCL Settlement Account. For example, in case the entity name of the Member/Participant is XYZ Bank Limited, then the settlement account will be opened in the name of entity i.e. name of Clearing Member/Participant-ARCL Settlement account i.e. “XYZ Bank Limited – ARCL Settlement Account”. The constituents will also be required to open settlement account with a clearing bank for the cash margin purpose.

12.5 Pay-in / Pay-out of Funds

The pay-in of funds will be done by 2.15 p.m. and pay-out of funds will be done by 3.00 p.m.

The funds pay-in and pay-out will be through the clearing banks designated by ARCL. Net obligations of Clearing Members/Participants will be sent by ARCL to the clearing banks. The pay-in process will be initiated first followed by pay-out of funds. Clearing banks will debit Clearing Members/Participants account having payable position and credit Clearing Members/Participants account having receivable position.

On the settlement date, the Clearing Members/Participants having payable position shall have clear funds in their settlement bank account on or before the cut-off time i.e., before 2:00 p.m. Collaterals/Margins of the Clearing Members/Clients blocked towards the settlement obligation if any, shall be unblocked on completion of the settlement.

The settlement bank account opened by Clearing Members/Participants with the respective clearing banks will be used solely for the purpose of margin and settlement of trades done in Tri-party repo in corporate debt securities & settled through ARCL.

12.6 Allocation of securities to lenders

After successful completion of settlement, at the End of day (EOD) ARCL will generate a report for net lenders by allocating the value of securities to lenders equivalent to the amount lent by them.

Please note that the securities will be only allocated randomly to the lenders, and it will not be transferred to lender BO account.

13 Shortages Handling

In terms of Chapter IX of Repo Segment Regulations, an instance of shortage may arise on account of failure on part of the Clearing Members/Participants to deliver funds due from it on the settlement date. The mode of handling shortages will be as decided by ARCL from time to time and the decision of ARCL shall be binding on all the Members/Participants.

ARCL will initiate all measures that are prudent, practicable and necessary to meet the funds shortage to ensure that the deals are settled, and all the Obligation-meeting Clearing Members/Participants receive funds due to them. However, in case of ARCL funds arrangements are not sufficient then there

could be a temporary shortfall allocation to members/Participants in proportion to their net receivable value for the day and the settlement would be completed.

13.1 Lender commits shortage in the ready leg

In case of shortages by lender, the shortage of funds will be met from the line of credit arrangements made by ARCL with clearing banks / own funds / Core SGF, to complete the settlement for clearing members/participants. Subsequently, position, if required, will be auctioned and any adverse difference between the traded repo rate and the auction rate will be collected from the initial margin contribution of the concerned lender who has committed shortage. In case, line of credit is not sufficient, then there could be a temporary shortfall allocation to members in proportion to their net receivable value for the day and the settlement would be completed. The shortage will be allocated in below mentioned priority:

- a) Matching borrowings in similar tenor and underlying repo basket
- b) Lending 2nd leg as the part of gross pay-out
- c) Borrowers' 1st leg (except matching borrowings).

The entire settlement will be carried out post allocation.

13.2 Borrower commits shortage in the forward leg:

In case of shortage by borrower, the shortage of funds will be met from the line of credit arrangements made by ARCL with clearing banks / own funds / Core SGF, so as to complete the settlement for members. In case borrower fails to repay the shortage amount within the stipulated time as specified by ARCL, the collateral given by the shortage member will be liquidated and the proceeds will be utilized to repay the line of credit. In case the line of credit is not sufficient, there could be temporary shortfall allocation to Clearing Members/Participants and the allocated amount will be repaid to the affected members with appropriate compensation. The shortage will be allocated in below mentioned priority:

- a) Allocation to Clearing Members/Participants on account of lending repayment
- b) Members having net pay-out on account of borrowings ready leg as part of gross pay-out

The entire settlement will be carried out post allocation.

13.3 Mark-to-market (MTM) Margin shortfall:

ARCL will do daily valuation of securities in order to ensure that sufficient collateral value (net of haircut) is available to support outstanding borrowing. In case of any depletion in the collateral value OR in case of any downgrade/credit event in a security, then the concerned borrower will be asked to top-up/substitute the depleted value/collateral.

If the borrower fails to top-up / substitute, ARCL will then close out the outstanding position (maybe to the required extent) against lenders having position in that maturity in the ratio of their positions. In this case also, collaterals provided by the borrower will be liquidated through Request for Quote (RFQ) platform of the specified stock exchange. Further, ARCL can initiate the action against concerned borrower as per its "Uniform Penalty Structure for Clearing Member and Participants".

A penalty will be collected from the concerned borrowers and the affected lenders would be compensated adequately for such premature close out. The borrowers need to provide the MTM margin shortfall by 9:30 am next day or within any other time specified by ARCL from time to time.

Borrower having MTM margin up to Rs. 5,00,000, may provide additional collateral anytime during the next business day. Such MTM shortfall up to Rs. 5,00,000 at borrower level will not be treated as

violation. In case borrower has MTM margin above Rs. 5,00,000, then it is mandatory for borrower to provide full MTM margin before 8:30 am.

14 Risk Management

To guard against various types of risks, ARCL has implemented the risk mitigation control measures. The risk mitigation measures will be reviewed periodically and may be revised depending on risk perceptions and risk parameters subject to the approval of relevant authority.

14.1 Order Level Risk Management

There is an order level risk management. Only those lending orders that satisfy the margin requirement vis-a-vis cash collateral deposited by the Members/Clients will be accepted subject to it is within the overall lending limits of the specific entities. Only those borrow orders that satisfy collateral requirement will be accepted subject to it is within the overall borrowing limits of the specific entities.

14.2 Exposure Limit for members/clients:

Clearing Members/Clients limit are fixed to manage settlement risk related to borrowers and lenders default. Such assignment of limits to members are necessary for managing liquidity risk and default risk of its members.

Limit fixing methodology for setting up members limits are given below: –

- Entities are categorized into different categories based on financial, non-financial (Credit rating) parameters.
- Base borrowing limits & lending limits for clearing members/participants are fixed based on the size of Core SGF, risk profile of members etc.
- ARCL may provide additional borrowing limit for Clearing Members/Participants against AAA rated PSU, Bank and FI issued securities.

14.3 Initial Margin

In order to deal with market risk arising on account of funds shortage by lenders in the ready leg, ARCL will charge an initial margin at the rate of 0.50% (for repo tenor up to 7 days) of the lending value in the ready leg. The initial margin is contributed in the form of cash and the initial margin blocked in the ready leg will be released after successful completion of ready leg settlement on the request of the Clearing Member/Participant.

14.4 Haircut

In order to address the price risk of collateral in the event of a default by the borrower on its obligation, haircut will be applicable on securities. Haircut is a flat percentage applicable on the market value (clean price + accrued interest) of the securities based on rating and residual maturity of securities (for repo tenor of 7 days). Revised haircut for eligible collateral as given below:

Instrument	Rating equivalent	Residual Maturity <= 1 Year	Residual Maturity > 1 Year <= 5 Years	Residual Maturity > 5 years <= 10 Years	Residual Maturity > 10 Years
NCD and FRB	AAA	5%	7.50%	10%	15%
NCD and FRB	AA+	7.50%	10%	15%	20%
NCD and FRB	AA	15%	15%	20%	25%
Subordinate Bonds	AAA	10%	10%	15%	20%

Instrument	Rating equivalent	Residual Maturity <= 1 Year	Residual Maturity > 1 Year <= 5 Years	Residual Maturity > 5 years <= 10 Years	Residual Maturity > 10 Years
(Other than Tier I)					
Commercial Paper	A1+	5%			
Certificate of Deposits	A1+	5%			

Further, the basket for the eligible collateral will be based on the latest lowest issuer level long term/NCD long term rating of the issuer will be considered.

The updated list of eligible securities (ISIN) as collateral will be available on ARCL website on below mentioned link: <https://www.arclindia.com/collateral> under “Eligible Securities” tab. Clearing Members/Clients are requested to refer the above link regularly for updated list eligible securities as collateral for tri-party repo.

14.5 Issuer and ISIN Selection Criteria:

The following selection criteria is used while considering the issuer whose debt instruments would be accepted as eligible collateral for tri-party repo.

14.5.1 Equity & Debt Listed Issuers

- Positive Net worth in the last three financial years as per the audited financial statements.
- Profit making in the last three financial years as per the audited financial statements.
- Long term credit rating from AAA to AA. Lowest of the rating in the last three years shall be considered.

14.5.2 Additional Criteria for Only Debt Listed Issuers

- Equity of one or more associate companies of the group who is an eligible issuer shall be listed on stock exchange in respect of only debt listed entities.
- Point No. 1 of **Additional Criteria** is not applicable for only debt listed Public Sector Units of Central Government and only debt listed entities with the lowest AAA rating for the last three years.

14.5.3 Ratings Watch

- If the bonds are put under “Rating Watch” (except Positive Outlook), then the issuer of such bonds will be suspended from the eligible issuers list.

14.5.4 Review of Eligible Issuers List

- The eligible issuers list will be reviewed with the Credit Committee and based on their recommendation the issuers list will be finalized
- The eligible issuers list is reviewed and approved by the Risk Management Committee and the Governing Board of the company
- The eligible issuers list will be reviewed on a half yearly basis.

In the event that any eligible issuer undergoes a merger or amalgamation with another company, ARCL will include the resulting entity in the list of eligible issuers, provided it meets all the aforementioned eligibility criteria.

The updated list of eligible issuers list will be available on ARCL website on below mentioned link: <https://www.arclindia.com/collateral> under “Eligible Issuers” tab. Members/Clients are requested to refer the above link regularly for updated list eligible issuers for tri-party repo.

14.6 ISIN selection criteria for bonds

The listed bonds (NCDs) issued by the issuers meeting the above criteria and having the ratings from AAA to AA are accepted as eligible collateral. Currently, bonds with following characteristics are not accepted as eligible collateral:

14.7 Bonds not accepted as eligible collateral

Bonds with following characteristics will not be accepted as eligible collateral:

- a) Tier-I bonds
- b) Perpetual Debt.
- c) Convertible bonds (Optional or Compulsorily).
- d) Securities below AA credit rating.
- e) Unsecured bond below AAA credit rating.
- f) Structured Bonds.
- g) Floating Rate Bonds other than market linked benchmarks namely G-Sec, T-Bills, MIBOR and Repo Policy Rate.
- h) Debt securities having structured obligations (SO rating) and/ or credit enhancements (CE rating) except securities where Credit enhancement is provided from Central Government.

14.7.1 Subordinate Bonds

Additionally, Subordinate Bonds (Excluding Tier-I bonds) will be accepted as collateral. The additional issuer eligibility criteria for inclusion of subordinate bonds (Excluding Tier-I bonds) are as given below:

- a) Eligible Public Sector Undertaking, Bank, Insurance Companies & Public Financial Institutions issuers with AAA as Lowest credit rating across all rating agencies.

14.7.2 Commercial Papers (CPs) and Certificate of Deposits (CDs)

Issuer eligibility criteria for inclusion of Commercial Papers (CPs) and Certificate of Deposits (CDs) are as given below:

- a) CDs and CPs issued by eligible issuers.
- b) Listed CPs of only AAA rated eligible Issuers.
- c) CDs of all eligible issuers issued by Scheduled Commercial Banks (SCBs) and PFIs.

The updated list of eligible securities as collateral will be available on ARCL website on below mentioned link: <https://www.arclindia.com/collateral> under “Eligible Securities” tab. Clearing Members/Clients are requested to refer the above link regularly for updated list eligible securities as collateral for tri-party repo.

14.8 Issuer Limit

ARCL specifies the following cumulative issuer limit across all members/participants.

Sr.No.	Type of Issuers	Limit
1	Banks - Public & Private Sector Banks	Lower of 10% of Net worth or Rs.10,000 crores
2	Public Financial Institutions	Lower of 10% of Net worth or Rs.10,000 crores
3	Public Sector Undertakings	Lower of 10% of Net worth or Rs.10,000 crores
4	Private Corporates*	Lower of 10% of Net worth or Rs.5,000 crores

* Private Corporate include NBFCs and HFCs

14.9 Issue and Issuer Limits at each Member/Participant Level

To address the concentration risk of issuer at a member/participant level, ARCL has specified following clearing member/participant wise issuer limit:

14.9.1 Issuer Limit

Issuer Category and Rating	Details
For PSU, Bank and PFI AAA rated issuer	Limit per issuer is Higher of 25% of the total borrowing limit OR - Rs. 25 crores.
For Other than above all other AAA rated issuer and all AA+ issuer	Limit per issuer is Higher of 20% of the total borrowing limit OR - Rs. 25 crores.
For AA rated issuer	Limit per issuer is Higher of 10% of the base borrowing limit OR - Rs. 25 crores.

Further, Clearing Members/Participants can provide total collateral of AA rated issuer up to 50% of their base borrowing limits.

Explanatory Note:

The above limit will be verified at the time of collateral addition by the clearing members/participants. Collateral values may fluctuate daily, particularly due to changes in market prices and accrued interest. If the collateral value increases by more than 2% above the specified limit, ARCL will request the clearing member/participant to release the excess collateral to realign the collateral value with the prescribed limit.

14.9.2 ISIN Limit

ARCL has also revised the member/participant wise limit for ISIN limit as follows:

Borrowing Limits	Details
Total borrowing limit ≤ Rs. 125 Crores	Issue (ISIN) limit of Rs. 25 Crores
Total borrowing limit > Rs. 125 Crores	For PSU, Bank and PFI AAA rated issuer ISIN level limit: Lower of 25% of the total borrowing limit OR - Rs. 250 crores
Total borrowing limit > Rs. 125 Crores	For issuer other than mentioned above ISIN level limit: Lower of 20% of the total borrowing limit OR - Rs. 200 crores

The list of eligible issuers, eligible securities, baskets are made available under Collateral section of ARCL's website – www.arclindia.com/collateral.

Explanatory Note:

The above limit will be verified at the time of collateral addition by the clearing members/participants. Collateral values may fluctuate daily, particularly due to changes in market prices and accrued interest. If the collateral value increases by more than 2% above the specified limit, ARCL will request the clearing member/participant to release the excess collateral to realign the collateral value with the prescribed limit.

14.10 Contribution of Clearing Members/Participants

This has reference to Chapter 3 (Settlements), para 6.5, 6.8 and 6.11 of the SEBI Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, regarding guidelines for contributions to Core SGF of Limited Purpose Clearing Corporation (“LPCC”) and Default Waterfall of LPCC. In this regard Clearing Member/Participants are requested to note the following:

14.10.1 Clearing Member (CM) Primary Contribution

CMs contribution to Core SGF shall be risk based and equivalent to deficit in Minimum Required Corpus (MRC) post contribution by Issuers. The said contribution by CMs shall be subject to the following conditions:

- a) that no exposure shall be available on Core SGF contribution of any CM (exposure-free collateral of CM available with CC can be considered towards Core SGF contribution of CM), and
- b) that required contributions of individual CMs shall be pro-rata based on the risk they bring to the system.

LPCC shall have the flexibility to collect CM primary contribution, including flexibility to either collect the CM primary contribution upfront or staggered over a period of time. In case LPCC does not seek contribution from CM or seeks staggered contribution, the remaining balance shall be met by LPCC to ensure adequacy of total Core SGF corpus at all times. Such LPCC contribution shall be available to LPCC for withdrawal as and when further contributions from CMs are collected / received.

14.10.2 Participants Contribution

Contribution by Participants who desire direct participation and not through a clearing member to Core SGF shall be risk based and equivalent to deficit in MRC post contribution by Issuers and Clearing Members. The said contribution by Participants shall be subject to the following conditions:

- a) that no exposure shall be available on Core SGF contribution of any Participant (exposure-free collateral of participants available with CC can be considered towards Core SGF contribution of Participants), and
- b) that required contributions of individual Participants shall be pro-rata based on the risk they bring to the system.

LPCC shall have the flexibility to collect Participant primary contribution, including flexibility to either collect the Participant primary contribution upfront or staggered over a period of time. In case LPCC does not seek contribution from Participants or seek staggered contribution, the remaining balance shall be met by LPCC to ensure adequacy of total Core SGF corpus at all times. Such LPCC contribution shall be available to LPCC for withdrawal as and when further contributions from Participants are collected / received.

14.10.3 Timelines for contribution to and recoupment of Core SGF of LPCC

Requisite contributions to Core SGF by various contributors, except upfront contribution by Issuers and annual contribution of profits by LPCC, for any month shall be made by the contributors before start of the month. In the event of usage of Core SGF during a calendar month, contributors shall, as per usage of their individual contribution, immediately replenish the Core SGF to MRC. However, such contribution towards replenishment of Core SGF by the Clearing members/ Participants would be restricted to only once during a period of 30 calendar days regardless of the number of defaults during the period. The period of 30 calendar days shall commence from the date of notice of default by CC to market participants.

ARCL will collect contributions towards Core SGF from Clearing Members/Participants as per the regulatory guidelines. On monthly basis ARCL will provide the details of primary contribution and capped additional contributions to respective clearing members/participants.

15 Default Handling

ARCL has constituted Core Settlement Guarantee Fund (Core SGF) with contribution currently from the following sources:

- a) Issuers of corporate bonds (at the rate equivalent to 0.5 basis points of the issuance value of debt securities per annum based on the maturity of debt securities)
- b) ARCL from its profit
- c) Any penalties levied by Clearing Corporation and interest accruals on Core SGF contribution.
- d) Contribution from Clearing Members / Participants as applicable

In case of any residual loss i.e. if the realization of collateral value is less than the outstanding obligation of borrower etc. as stated above, such loss would be adjusted against the Core SGF as per the default waterfall structure defined by SEBI from time to time and as specified in the By-laws and regulations of ARCL.

- a) Monies of defaulting clearing members/participants (including defaulting member's/participants primary contribution to Core SGF)
- b) Insurance, if any.
- c) Issuers contribution to Core SGF.
- d) ARCL resources (equal to 5% of MRC).
- e) Core SGF in the following order:
 - a. Penalties
 - b. Previous financial years profit of ARCL transferred to Core SGF
 - c. Remaining Core SGF: ARCL contribution and non-defaulting clearing members/Participants primary contribution to Core SGF on pro-rata basis.
 - d. Remaining profit of ARCL transferred to Core SGF
- f) Remaining ARCL resources (excluding higher of INR 100 Crore or the capital requirement towards orderly winding down of critical operations and services).*
- g) Remaining ARCL resources to the extent as approved by SEBI.
- h) Capped additional contribution by non-defaulting clearing members/participants**
- i) Any remaining loss to be covered by way of pro-rata haircut to payouts.

* Higher of INR 100 Crore or the capital requirement towards orderly winding down of critical operations and services to be excluded only when remaining ARCL resources are more than higher of

INR 100 Crore or the capital requirement towards orderly winding down of critical operations and services.

- (i) Clearing Corporation shall call for the capped additional contribution only once during a period of 30 calendar days regardless of the number of defaults during the period. The period of 30 calendar days shall commence from the date of notice of default by Clearing Corporation to market participants
- (ii) Clearing Corporation shall have relevant regulations/ provisions for non-defaulting clearing members/participants to resign un-conditionally within the abovementioned period of 30 calendar days, subject to clearing member/participant closing out/settling any outstanding positions, paying the capped additional contribution and any outstanding dues to SEBI. No further contribution shall be called from such resigned clearing members/participants.
- (iii) The maximum capped additional contribution by non-defaulting clearing members/participants shall be lower of 2 times of their primary contribution to Core SGF or 10% of the Core SGF on the date of default.
- (iv) In case of shortfall in recovery of assessed amounts from non-defaulting clearing members/participants, further loss can be allocated to layer (VII) with approval of SEBI.

******* In case loss allocation is done through haircut to payouts, any subsequent usage of funds shall be with prior SEBI approval. Further, any exit by Clearing Corporation post using this layer shall be as per the terms decided by SEBI in public interest.

16 Dispute Resolution

The details of dispute resolution are available in “Chapter X” of ARCL Bye-Laws and Chapter XV of ARCL Regulations. Clearing Members/Participant can also refer SEBI circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/57, dated April 17, 2023, regarding “Dispute Resolution Mechanism for Limited Purpose Clearing Corporation (LPCC)”. Further, the Company has constituted Grievance Redressal Panel to resolve investor grievances which shall function in the manner as may be specified by the Board.

17 Reports

ARCL provides intraday as well as end of day (EOD) reports on the “Connect to NSCCL”, a web-based portal (<https://ims.connect2nsccl.com/MemberPortal/>). The portal facilitates downloading of the intraday and EOD reports for Tri Party Repo transactions.

Intraday Reports (T0 Trade reports and final obligation reports) are available on the portal between 1:15 PM to 1:30 PM on each business day. End of Day Reports (all other reports) are available on the portal from 6:00 PM onwards on each business day. Members and Participants are requested to download these reports on daily basis to ensure timely updates and necessary action. The formats of the reports for the transactions cleared by ARCL are given in Part C of this circular.

18 Applicability of Stamp Duty

In terms of the Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 notified by the Ministry of Finance (Department of Revenue) on December 10, 2019, Indian Stamp Act, 1899 amended vide Finance Act, 2019 (No. 7 of 2019), stamp duty is applicable at the rate of 0.00001% on the difference between the ready leg and forward leg consideration. Pursuant to the above and as per the authorization received from Stock Exchange. Stamp duty is collected from the borrower for every transaction. Stamp duty should be rounded off to the nearest rupee, and for this purpose, where such amount contains a part of a rupee

consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise, it shall be ignored. The clearing members / participants shall be required to pay stamp duty as part and along with the pay-in obligation. The stamp duty is collected as per the timeline stipulated for pay-in of funds. The money will be collected from the settlement bank account of a clearing members / participants as per process followed for settlement obligation.

19 Fees, Charges and Deposits

19.1 Fees and Deposits

Clearing members, Participants and Constituents are required to pay the following fees and deposit for registration with ARCL. Additionally, clearing members are required to pay SEBI fees as specified by SEBI from time to time. Presently the SEBI Annual Fees, defined by SEBI is Rs.50,000/- plus GST @18% and TDS will not be applicable on SEBI Fees. Invoice for the SEBI Fees will be raised by SEBI on the Clearing members.

Category	Amount	Clearing Member	Participant
One time Membership Fee	Rs. 50,000/-	Yes	Yes
Annual Subscription Fee *	Rs. 10,000/-	Yes	Yes
Interest Free Security Deposit	Rs. 1,00,000/-	Yes	Yes
Annual SEBI Clearing Member Fee	Rs. 50,000/-	Yes	No
SEBI Turnover Fee	Rs. 2.00 per crore collected by Exchange from member	Yes	Yes
Stamp Duty	0.00001% on repo interest from Borrower.	Yes	Yes

* Annual Subscription charges will be applicable from subsequent financial year.

19.2 Transaction charges

The transaction charges will be INR 15 per crore (subject to minimum of INR15 per trade and maximum of INR 1,500 per trade).

GST and other applicable taxes are charged separately. The transaction charge bill is generated by the third working day of the subsequent month and made available to the Clearing Members/Participants via their registered e-mail addresses.

Clearing Members/Participants are required to make the payment on or before the last working day of the subsequent month.

19.3 Financial Disincentives/Penalty Structure

In terms of Chapter V of ARCL Rules “Disciplinary Proceedings, Penalties, Suspension and Expulsion, ARCL is authorized to initiate action against clearing members/participants for any violation, non-compliance, disobedience, non-payment of dues etc. Accordingly, it is proposed to impose penalties (both monetary and non-monetary) for various violations / non-compliances. ARCL has issued circular ARCL/Compliance/2024-25/126 dated March 05, 2025, regarding the various penalties to be imposed (both monetary and non-monetary) for various violations / non-compliances as below:

No Sr.	Violations	Penalty/disciplinary action for first time Violation	Penalty/disciplinary action in case of Repeat violation/contravention
1	Fund Shortages ≤ Rs. 25 crores	0.07% / day on value of shortages. Applicable to Members and Participants	
2	Fund Shortages > Rs. 25 crores	0.07% / day on value of shortages. The trading facility of the Members/ Participants will be withdrawn. Applicable to Members and Participants	
3	Mark to Market Shortages ≤ Rs. 5 lakhs	0.07%/day of value of shortages. If the amount due is not provided by the next business day, the trading facility will be withdrawn. The position of the Clearing Members/Participants will be closed out as per the Shortage Handling mechanism of the clearing corporation. Applicable to Clearing Members and Participants.	
4	Mark to Market Shortages > Rs. 5 lakhs	0.07%/day of value of shortages If the amount due is not paid by 9.30 am on the next business day, the trading facility will be withdrawn. The position of the Clearing Members/Participants will be closed out as per the Shortage Handling mechanism of the clearing corporation. Applicable to Members and Participants.	
5	Non - Submission of Half Yearly Net Worth Certificate	Rs. 100/- per day for month starting from the final due date for submission. Rs.500/- per day after one month of non-submission until submission. Applicable to Members and Participants	
6	Non - Submission of Internal Audit Certificate	Rs. 100/- per day for month starting from the final due date for submission. Rs.500/- per day after one month of non-submission until submission. Applicable to Members.	
7	Net worth - Discrepancy in computation of net worth leading to shortfall	Warning and advise to maintain the prescribed net worth within a period of a month from the	CC will remove the exposure limit for the member/participant in the Repo

No Sr.	Violations	Penalty/disciplinary action for first time Violation	Penalty/disciplinary action in case of Repeat violation/contravention
		due date of submission along revised net worth certificate from its auditors. Applicable to Members and Participants.	Segment till the revised net worth certificate is submitted from its auditors.
8	Non-appointment of Compliance Officer	Rs. 10,000/- for the first instance. Applicable to Members and Participants.	2nd time - 50% escalation 3rd time - 100% escalation
9	Failure to hold valid NISM Series IIIA certificate by the Compliance officer during the inspection period	Rs.2,500/- plus direction to submit the certificate within 45 days. Applicable to Members.	Rs.10,000/-
10	Submission of information for inspection a) Delay in submission of documents / data/records sought for inspection b) Non-cooperation in providing data / records / documents to inspecting officials for inspection resulting in non-completion of inspection. c) Wrong / incorrect submission of data towards Inspection	a) Rs.100/- per day starting from final due date for submission of data/records/ documents. b) Monetary penalty of Rs. 10000 besides not allowing member to clear trades till the time of completion of inspection/ surrender/ cessation of membership/ Declaration as default/ Expulsion. c) Penalty may vary from warning to Rs.25000 on case-to-case basis. Applicable to Members and Participants.	a) Rs.1000/- per day starting from final due date for submission of data/records/ documents sought for inspection. b) Monetary penalty of Rs. 1 lakh besides not allowing member to clear trades till the time of completion of inspection/Surrender/cessation of membership/ Declaration as default/ Expulsion. c) Penalty may vary from Rs.25000 lakh to Rs. 2.50 Lakhs on case-to-case basis
11	Non adoption / Maintenance of prescribed policies / books / ledgers / journals / cash and bank book / margin deposit details / Register of complaints / Register of transaction	Rs. 5000/- one time Applicable to Members and Participants.	2nd time - 50% escalation 3rd time - 100% escalation
12	Incomplete / non-display of details by member viz: Notice Board/name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id, SEBI Registration certificate / other prescribed details	Rs.1000/- Applicable to Members.	2nd time - 50% escalation 3rd time - 100% escalation
13	Clearing member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case-to-case basis based on nature of non-compliances. Applicable to Members.	To be decided on a case-to-case basis based on nature of non-compliances.

No Sr.	Violations	Penalty/disciplinary action for first time Violation	Penalty/disciplinary action in case of Repeat violation/contravention
14	Any other violation / non-compliance / non-adherence to the Rules, Bye laws, Regulation of ARCL, circulars issued by SEBI/ARCL, non-compliance with directives/advisory issued by ARCL	Monetary penalty of minimum Rs. 25000 and maximum upto Rs. 5 lakh and submission of Compliance Officer certifying that necessary corrective measures are taken as directed by ARCL Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Member can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default/ expulsion Applicable to Members and Participants.	50% escalation and submission of Internal Auditors certifying that necessary corrective measures are taken as directed by ARCL Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Member can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default / expulsion
15	Non-payment of statutory dues/duties/fees etc. (related to clearing & settlement related activities)	Warning Applicable to Members and Participants.	2nd time – Rs. 10,000/- 3rd time – Rs.20,000/-

20 Holidays

Settlement in repo segment of ARCL will takes place on all days of the week (except Saturdays and Sundays and holidays declared by the ARCL in advance). The list of settlement holidays for the year 2026 is available on ARCL website under the head download>circulars (<https://www.arclindia.com/circulars>).

20.1 Handling of Unscheduled Holidays

Due to the occurrence of any unforeseen event or circumstance beyond the control of Clearing Corporation, it may be required to abruptly suspend the Clearing and Settlement of Trades by declaring an unscheduled holiday (USH); In the above case following procedure will be adopted:

Ready Leg (First Leg): If the ready leg settlement date for Repo deals falls on an unscheduled holiday, then such Repo deals will be cancelled.

Forward Leg (Second Leg): In case the second leg (forward leg) settlement date falls on an unscheduled date, the settlement date shall be rolled over to the next business day. Any interest accruals on account of such a delayed settlement shall be recovered by Clearing Corporation from the borrower of funds and the same shall be payable to the lender of funds. The additional interest amount for USH is computed at the repo rate of the associate transaction whose settlement is getting postponed due to USH. ARCL may adjust such interest accruals together with repayment obligations due on unscheduled holiday to next business day's obligation of the Clearing Members/Participants or it will be collected separately.

Example: June 06, 2025, declare as holiday on June 05, 2025, at EOD

Trade date	05-Jun-2025
Settlement Type	T0

First leg settlement date	05-Jun-2025
Repo Tenor	1
Maturity Date	06-Jun-2025
Repo Rate	7.00%
Trade Value	50000000
Ready Leg Consideration (original)	49990413
Ready Leg Consideration (Revised)	49980829
Additional consideration to lender	9583.53
Remark	Settlement of 2nd leg on June 07, 2025. Compensate lender with 1 day.

If the regulator or government declares unscheduled holidays and mandates the company to follow such other processes, ARCL will comply with such regulatory or government directions in handling unscheduled holidays.

21 Compliance Calendar for Clearing Members and Participants

In pursuant to ARCL's Bye-laws, Rules and Regulations and circular(s) issued thereunder as well as the relevant statutory acts, Clearing Member and Participant shall establish, maintain, and enforce procedures to supervise its business that are reasonably designed to achieve compliance to avoid any violations To ensure efficient compliance by the Clearing Members and Participants, ARCL has issued circular ref no. ARCL/Compliance/2024-25/120 dated February 24, 2025 stating various compliances for Member and Participants in the Compliance Calendar. Same is available on ARCL website under the head download> Member Compliance Calendar

<https://www.arclindia.com/spages/Downloads/ARCL-ComplianceCalendar.pdf>.