AMC Repo Clearing Limited
ARCL

Frequently Asked Questions (FAQ)
Issuer Contribution Towards Core Settlement Guarantee Fund (Core SGF)

May 2025

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1 What is Core Settlement Guarantee Fund (Core SGF)?

SEBI has directed clearing corporation to have a fund called Core SGF (Settlement Guarantee Fund) for each segment of each Recognized Stock Exchange (SE) to guarantee the settlement of trades executed in respective segment of the Stock Exchange.

2 What is the purpose of settlement guarantee Fund?

In the event of clearing member/Participant failing to honour his settlement obligation, the settlement guarantee fund is utilised to complete the settlement.

3 Who contributes to the Core SGF of Limited Purpose Clearing Corporation (LPCC)?

The contribution towards the Core Settlement Guarantee Fund (Core SGF) shall consist of contribution from Issuers of corporate debt securities, Clearing Members, Participants, Clearing Corporation, any penalties levied by Clearing Corporation and interest accruals on Core SGF contribution.

4 What is Issuer contribution to Core SGF?

In terms of SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, Issuers are required to contribute 0.5 basis points (0.005%) of the issuance value of debt securities per annum based on the maturity of debt securities.

5 When shall the Issuer contribute towards Core SGF?

The Issuers needs to make full contribution upfront prior to the listing of debt securities.

6 Whether contribution is payable by all Issuers?

The contribution to Core SGF is payable by all eligible issuers as notified by the AMC Repo Clearing Ltd. (ARCL). For further details, please refer ARCL Circular dated April 26, 2023, September 19, 2024, March 27, 2025, and September 26, 2024, available on http://www.arclindia.com/circulars. The list of eligible issuers is available on http://www.arclindia.com/spages/Collateral/ListofIssuers.pdf.

7 Whether Core SGF contribution is mandatory for all debt securities of eligible Issuers?

The Core SGF contribution is applicable for all public issue or private placement of debt securities under the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 of eligible issuer. It will not be applicable to following securities:

a) Tier-I bonds.
b) Perpetual Debt.
c) Convertible bonds (Optional or Compulsorily).
d) Unsecured bond below AAA credit rating.
e) Structured Bonds
f) Floating Rate Bonds other than market linked benchmarks namely G-Sec, T-Bill, MIBOR and Repo Policy Rate.
g) Securities with below AA credit rating.

h) Debt securities having structured obligations (SO rating) and/ or credit enhancements (CE rating) will not be accepted as eligible securities. Except securities where Credit enhancement is provided from Central Government

For further details, please refer ARCL Circular dated March 27, 2025 available on arclindia.com/circulars/IssuerContributionTowardsCoreSGF. Further, for eligible instrument ARCL will issue notification from time to time.

8 Is contribution to Core SGF applicable to fresh issuances only?

The contribution to Core SGF is applicable for fresh as well as reissuance of debt securities.

9 How is the issuance value calculated?

The issuance value is calculated as number of bonds issued multiplied by the face value of bonds.

10 For re-issuance of bonds with premium or at discount, will the issuance value remain same?

Yes, the issuance value calculation is always based on the face value of the bond.

11 Is contribution to Core SGF applicable for Commercial Paper and Certificate of Deposits??

Core SGF contribution is not applicable for Commercial Paper and Certificate of Deposits under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021.

12 Is contribution to Core SGF applicable for Unsecured AA+ rated bonds?

Core SGF contribution is not applicable for Unsecured bonds with rating below AAA, as it is currently not considered as eligible securities as collateral.

13 Weather Core SGF is applicable for Subordinated bonds?

Core SGF is applicable for Subordinated bonds other than Tier-I bonds issued by the following:

- AAA rated Banks, PFIs and PSUs
- AAA rated Insurance companies
- AAA rated NBFCs promoted by AAA rated PSUs/GOI

14 Is contribution to Core SGF applicable to Subordinate Tier-I bonds?

Core SGF is not applicable to Subordinate Tier-I bonds.

15 Is contribution to Core SGF applicable for Floating Rate Bonds?

Core SGF contributions is applicable for Floating Rate bond based on market linked benchmark namely G Sec, T-Bill, MIBOR and Repo Policy Rate.

16 How is the issuance value calculated for partly paid-up bonds?

The issuance value is always calculated based on the fully paid-up face value of the bond.

17 How issuance value is calculated for zero coupon bonds / deep discount bonds

The issuance value calculation is always based on the face value of the bond.

18 What do you mean by "per annum based on the maturity of debt securities"?

The Core SGF contribution is paid at rate of 0.5 basis points on the issuance value for every year till the maturity of the securities. The amount so calculated shall be payable upfront.

19 How is the year calculated for the above purpose?

The year is calculated based on the difference between issue date and maturity date. In case of re-issuance of securities, the same is calculated based on allotment date till maturity date.

20 How is year calculated for staggered redemption bonds and/or bonds with put/call options?

The year is always calculated based on the final redemption date.

21 How is the Core SGF calculated and is any calculator available for such calculation?

The SGF calculator is available under **Downloads>Core SGF Payable Calculator** option on the ARCL website www.arclindia.com.

22 Whether Core SGF contribution is refundable after maturity?

The Core SGF contribution is not refundable.

23 Issuer becomes eligible subsequently, is Core SGF collected for earlier issuances?

No, the Core SGF contribution is collected only if issuer is eligible at the time of listing and the security satisfy the eligibility criteria of tri-party corporate bond repo.

24 Where does the Issuer need to intimate about the contribution towards the Core SGF?

The Issuer is required to inform ARCL by sending an email at coresgf@arclindia.com in the following format. The issuers shall also send the Information Memorandum (IM) of the issue to ARCL via email.

Security Description	Details
ISIN (if available)	
Coupon rate – Fixed / Floating	
Issue Date/Allotment Date	Allotment date is applicable for reissuance under same ISIN.
Maturity Date	
*Issuance Amount (Rs. Crores)	
Core SGF Amount (Rs. Lakhs)	
UTR No	
UTR Date	
Fund Transfer To	AMC Repo Bank Name to which funds are transferred
Payment Information	Please attach payment receipt or fund transfer receipt from the bank
LEI Number	

Note:
* The Issuance amount should be provided in terms of face value (No of bonds * Face Value)
** Issuers are mandated to share Information Memorandum (IM) at coresgf@arclindia.com.

25 Where to contact in case of any queries on related to Core SGF contributions?

The issuers may send their queries to ARCL on email ID coresgf@arclindia.com.

26 Is Goods and Service Tax (GST) applicable for Issuer's contribution towards Core SGF?

GST is not applicable.

27 Is Tax Deducted at Source applicable towards Core SGF?

TDS is not applicable.