



CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

BOND FORWARDS DEALING SEGMENT REGULATIONS

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Regd. Office: CCIL Bhavan, S K Bole Road, Dadar (West), Mumbai- 400 028

Chapter I: Introduction

These Regulations shall hereafter be known as Bond Forwards Dealing Segment Regulations.

Applicability: These Regulations shall be applicable to all Members admitted to the Clearcorp Dealing Systems (India) Limited's Bond Forwards Dealing Segment and the Bond Forwards Trades dealt on Clearcorp's Bond Forwards Dealing System.

Chapter II: Definitions

1. **Available Trading Limit or ATL:** “Available Trading Limit” or “ATL” means the limit which is available for trading between two Members. ATL is the lower of the two Total Credit Limits allocated by Counterparties to each other.
2. **Bond Forward:** “Bond Forward” means a rupee interest rate derivative contract in which one Counterparty (buyer) agrees to buy a specific Government Security from another Counterparty (seller) on a specified future date and at a price determined at the time of the contract.
3. **Bond Forwards Dealing System:** “Bond Forwards Dealing System” means the Electronic Trading Platform made available by Clearcorp to the Members to trade Bond Forward instruments in terms of the provisions of the Bye-Laws, Rules and Regulations.
4. **Buy Order:** “Buy Order” means an Order placed on Bond Forwards Dealing System for buying a Government Security(ies) on a specified future date and at a specified price.
5. **Credit Conversion Factor or CCF:** “Credit Conversion Factor” or “CCF” means a factor in percentage used by financial institutions to estimate the current equivalent exposure of a derivative contract against its counterparty(ies).
6. **International Securities Identification Number or ISIN:** “International Securities Identification Number” or “ISIN” means the unique identification number, assigned to Government Security(ies) for the purpose of identification of such Government Security(ies).
7. **Max Tenor:** “Max Tenor” means the maximum tenor till which the Bond Forward contracts can be entered into by a Member with its Counterparty(ies).
8. **Member:** “Member” means an entity admitted as a Member to trade in the Bond Forwards Dealing Segment of Clearcorp, but does not denote shareholders of Clearcorp. Provided shareholders of Clearcorp may also be admitted as Members of Bond Forwards Dealing Segment of Clearcorp.
9. **Request for Quote or RFQ:** “Request for Quote” or “RFQ” means the trading window on Bond Forwards Dealing System where the Members can send request of their Orders for single, standard or adhoc maturity contracts with single or multiple Counterparties.
10. **Sell Order:** “Sell Order” means an Order placed in Bond Forwards Dealing System for selling a specific Government Security on a specified future date and at a specified price.

- 11. Settlement Type:** “Settlement Type” means the type of Settlement (i.e. Physical or Cash) for a Trade dealt on the Bond Forwards Dealing System.
- 12. Tenor:** “Tenor” means the life span of the Bond Forward contract.
- 13. Total Credit Limit or TCL:** “Total Credit Limit” or “TCL” means the limit that is allocated by a Member against other Member(s). The values are input in the Bond Forwards Dealing System.
- 14. Total Utilized Limit:** “Total Utilized Limit” is the amount that is utilized from the Total Credit Limit that is set by the members against each other, when an Order is placed by the Members.
- 15. Trades:** “Trades” means eligible Bond Forward contracts as dealt by a Member in the Bond Forward Dealing System. For the purpose of these Regulations, the words “Trade”, “Trading”, “Deal” and “Dealing” are used interchangeably.

Note: All capitalized terms used herein but not defined, and defined in the Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025, shall have the same meanings as assigned to them therein. Unless explicitly stated otherwise, all capitalized terms used herein but not defined, and defined in the Bye-Laws of Clearcorp, shall have the same meanings as assigned to them therein. Words and expressions in respect of activities connected with Clearing Corporation, used herein but not defined shall have the meaning assigned to them in the Bye-Laws, Rules and applicable Regulations of Clearing Corporation.

Chapter III: Membership

A. General

1. Membership to Bond Forwards Dealing Segment of Clearcorp shall be restricted only to the entities which fulfil the membership criteria prescribed by Clearcorp from time to time.
2. Membership to Bond Forwards Dealing Segment of Clearcorp shall be subject to such terms and conditions as may be stipulated by Clearcorp from time to time.
3. Clearcorp may suspend and/ or withdraw membership of a Member, if in the opinion of Clearcorp, the Member has violated any terms and/or conditions governing such membership. Such suspension shall continue until Clearcorp decides to withdraw the same.

B. Application for Membership

1. Entities permitted by RBI to enter into Bond Forward Trades and satisfying the relevant membership eligibility criteria of Clearcorp shall be eligible to seek membership to Clearcorp's Bond Forwards Dealing Segment. Provided however that, entities desirous of Physical Settlement of Bond Forward Contracts shall be a Member/ a Constituent of a Member in the Securities Segment of the Clearing Corporation.
2. Such entity shall submit an application in the prescribed format to Clearcorp, which shall be complete in all respects together with all enclosures, as required to be submitted in terms of the application form and in compliance with the Rules of Clearcorp.
3. The application form shall be submitted along with the fees, if any, prescribed by Clearcorp for Membership to its Bond Forwards Dealing Segment.
4. Applicants shall furnish all the relevant information and/or any other additional information as may be sought by Clearcorp from time to time.
5. A Member can commence operations in Bond Forwards Dealing Segment only upon activation of its Membership, which shall be subject to completion of such formalities as may be stipulated by Clearcorp in its various communications to the Member, as part of its admission process.

C. Roles and Responsibilities

1. Clearcorp shall be authorized at any time to add/ delete and/ or modify any functions relating to Bond Forwards Dealing Segment, including but not limited to any rights/

privileges, responsibilities and/ or liabilities, conditions of use/ access of/ to the Members of the Bond Forwards Dealing Segment.

2. Members shall be liable for all Trades executed on the Bond Forwards Dealing Segment.
3. Members shall maintain all relevant records of their activities on the Bond Forwards Dealing Segment for such period as may be specified by Clearcorp or as directed by RBI from time to time.
4. A Member shall produce a valid Legal Entity Identifier (LEI) number to Clearcorp as and when the same is required by the Regulator or any other authority.

Chapter IV: Bond Forwards Dealing System

1. A Member shall be granted access to Clearcorp's Bond Forwards Dealing System after activation of membership to Clearcorp's Bond Forwards Dealing Segment.
2. Clearcorp may decide, from time to time, the connectivity mode as per which the access to the Bond Forwards Dealing System shall be available to a Member.
3. Every Member shall ensure maintenance of the necessary information technology infrastructure, staff, communication facilities and records, including appropriate business contingency infrastructure requirements by the Member, as prescribed by Clearcorp from time to time for proper and efficient performance of the Bond Forwards Dealing System.
4. All operations on the Bond Forwards Dealing System shall normally be carried out only from the authorized premises of the Member, where its treasury front office/ back office/ mid offices/disaster recovery site are located with access to the Bond Forwards Dealing System restricted to its duly authorized personnel only. In case any Member fails to strictly adhere to this requirement, Clearcorp, at its discretion, may take such action as it may deem fit, including, but not limited to immediate withdrawal of the facility and access to the Bond Forwards Dealing System, without any notice/reference to the Member.
5. A Member may have more than one user. All users created in Bond Forwards Dealing System shall be required to be approved by Clearcorp. Upon approval, the user ID shall get activated with rights, roles and privileges available to the user category that has been assigned to the concerned user. Members/ users shall also adhere to the code of conduct, if any, prescribed by RBI or any other industry body/ association such as FIMMDA, etc. as may be authorized by RBI or as may be specified by Clearcorp from time to time.
6. The various user categories and the roles, rights and privileges assigned to them shall be as notified by Clearcorp from time to time.
7. Clearcorp shall, at its sole discretion, be authorized at any time to add/ delete and/ or modify any/ all rights and/ or privileges of any of the categories of users of the Bond Forwards Dealing System.
8. Every user shall initially access the Bond Forwards Dealing System through the password provided by Clearcorp at the time of user approval. The concerned user shall ensure that this initial password is changed immediately after initial log in.
9. Every user shall ensure compliance with the password policy as implemented in the Bond Forwards Dealing System as applicable from time to time.

10. Every user shall maintain complete secrecy of their user ID and password.
11. Clearcorp and/ or any of its officials shall not in any way be liable for any loss or consequences that may arise on account of unauthorized and/ or wrongful use of the user ID and/ or password.
12. A Member and/ or any of its users shall not have any right, title or interest with respect to the Bond Forwards Dealing System, its facilities, software and the information provided by Clearcorp.

Chapter V: Bond Forwards Dealing System Operations

Limit Management Module

1. The trading on bilateral limit basis will be based on the TCL allocated by Members against each other. In the bilateral limit management module provided on the Bond Forwards Dealing System, Members shall allocate TCL against other Members and also set the tenor-wise CCF against each such Member. Unless the TCL is allocated and tenor-wise CCF is set against other Members, a Member would not be able to place Orders on bilateral limit basis.
2. Based on the notional amount of each maturity of the Order and its respective CCF set by the Member, the Bond Forwards Dealing System shall calculate the required credit limit. The Counterparties against whom the required credit limit is less than or equal to the Available Trading Limits, shall be eligible as Counterparties on the Order form. The Member may then select single/ multiple/ all eligible Counterparties and submit the RFQ.
3. The TCL gets blocked once an Order is placed. If the Order is cancelled, the blocked TCL is reinstated. The TCL gets consumed once an Order is executed on the Bond Forwards Dealing System for a given tenor. The TCL does not get reinstated automatically at the end of the trading day or upon maturity of the Trade. Member has a provision to change the TCL intraday, and the set values are applicable from next Order onwards.
4. Members shall continue to be liable for all their Trades executed on the Bond Forwards Dealing System as also for all Orders and/ or activity undertaken on the Bond Forwards Dealing System by any of its users.
5. Clearcorp and/ or any of its officials shall not be liable under any circumstances for any failure of the system or otherwise or any loss or damage or other consequences arising from any such event beyond the reasonable control of Clearcorp. Such failure shall not reduce, alter or affect the liability of a Member in respect of any deals to which the said Member is a party.

A. Instruments

- a. Clearcorp provides Bond Forward trading for the State and Central Government Securities (excluding Treasury Bills) for single or multiple maturities. The trading shall be based on RFQ mode where the users or market makers would be able to send a request to market makers (i.e., Banks / Primary Dealers etc) for a single or multiple

maturities of the same ISIN. Users / market makers would be able to send a request to a single or multiple Members based on the bilateral limits set for each other.

- b. Notwithstanding the above, Clearcorp may further notify from time to time the types of instruments that would be permitted for trading on the Bond Forwards Dealing System.
- c. A Member shall be entitled to transact only in those instruments that are made available on the Bond Forwards Dealing System and the Member shall specify the purpose, i.e., the specific intention such as ‘trading’, ‘hedging’, etc. for initiating a Buy Order or a Sell Order. Any change in the purpose shall be promptly notified by the Members on the Bond Forwards Dealing System. The Member shall be solely liable for any incorrect representation of the purpose or failure to notify the change in purpose.
- d. Clearcorp may at its discretion at any time suspend Dealing in a particular instrument as it deems fit, and such suspension shall take effect on such conditions and in such time and manner as Clearcorp may prescribe in this regard.
- e. Clearcorp may at its discretion at any time revoke the suspension of a particular instrument as it deems fit on such conditions and in such time and manner as may be prescribed by it in this regard.

B. Dealing Parameters

- 1. Clearcorp may from time to time specify various operational parameters relating to the Bond Forwards Dealing System which may, *inter alia*, include:
 - a) determining Order attributes (including Minimum Notional Amount SOL size and so on);
 - b) funding spread;
 - c) unwind spread;
 - d) minimum bilateral limit values;
 - e) determining functional details of the Bond Forwards Dealing System including system design, user infrastructure and system operations; and
 - f) such other parameters as may be decided by Clearcorp and/or Clearing Corporation from time to time.
- 2. Clearcorp may, from time to time, prescribe different forms of Order books that shall be maintained on the Bond Forwards Dealing System and may also specify such terms

and conditions for eligible Orders to be admitted on the Bond Forwards Dealing System.

3. Members, who are part of Bond Forwards Dealing Segment shall, before start of trading, allocate TCL to each such counterparty, who is Member of Bond Forwards Dealing Segment, upto which the Member can trade with that Counterparty on the Bond Forwards Dealing System. The Members would be provided the functionality to update the TCL as and when required.

C. Dealing Days

1. Clearcorp would normally function on all the days, excluding Saturday, Sunday and those days that are declared as holidays under the Negotiable Instruments Act, 1881 in the State of Maharashtra and such other days on which the Bond Forwards Dealing System will not be available as declared by RBI and/ or Clearcorp.
2. At the instance of RBI, Clearcorp may choose not to operate the Bond Forwards Dealing System on days other than or in addition to scheduled holidays or may operate the same on days originally declared to be holidays above for valid reasons and such decision shall be final and binding on all Members.

D. Dealing Timings

1. Clearcorp may at its absolute discretion decide the Dealing Session for the Bond Forwards Dealing System and shall notify the same from time to time.
2. Clearcorp may extend, advance or reduce Dealing Session by notifying Members as and when it deems fit and necessary in this regard.
3. Clearcorp by Notification may prohibit or suspend at any time dealing operations on the Bond Forwards Dealing System for such period as it may determine and at the expiration of such period, Clearcorp may permit dealing activity subject to such terms and conditions as it deems fit and necessary.

E. Modes of Dealing

Clearcorp may from time to time notify the modes of dealing and the instruments dealt on those modes.

F. Order Validation

1. Orders entered on the Bond Forwards Dealing System by a Member for itself shall be subject to such validations as may be prescribed by Clearcorp from time to time, including Order conditions and other dealing parameters.
2. Orders that do not meet the validation requirements applicable to that type of Order will be rejected.

G. Order Matching Rules

1. Clearcorp shall specify, from time to time, the kinds of Orders that can be placed on the Bond Forwards Dealing System, the Order matching algorithms, the matching rules and other parameters.
2. Clearcorp may, at any time, if it is of the view that it is in the interests of the market to do so, and/ or to meet any statutory or regulatory or tax obligations/ orders/ directives, make unavailable any particular Order book or forms of matching, for a particular instrument for the market as a whole.
3. Without prejudice to the generality of the foregoing, the initial set of rules and parameters on RFQ window shall be as follows:
 - i. Members of the Bond Forwards Dealing System would initiate an RFQ Order by specifying the following information, i.e. Government Security, ISIN, Settlement Type (Physical or Cash), Maturity type - Single, Standard (having frequencies as Monthly, Quarterly, Half Yearly or Yearly) or AdHoc Maturity, and other information relevant to the Order.
 - ii. RFQ shall be sent by the initiating Member to the other Members on either single (one-to-one) mode or group (one-to-many) mode of communication for a single maturity or multiple maturity of a single ISIN. Each responding Member's response would follow a single (one-to-one mode) of communication with the initiating Member.
 - iii. The quotes received from the responding Members shall be displayed as per the best quote available followed by the remaining quotes. The initiating Member will have the choice to pick and choose the best quote from each maturity received from same Member or other Members. Once the initiating Member confirms the counter quote, it shall result in a Trade. Such Trades shall be automatically sent by the Bond Forwards Dealing System to CCIL-TR for further processing.

- iv. Where the Trade is dealt on the basis of bilateral limits, the Trade would contain Counterparty information and would be sent to CCIL-TR with those details.
- v. The initiating Member while placing the Order shall indicate the Cut-Off Timewithin which the responding Members shall provide quotes. The responding Members shall provide quotes and indicate the Cut-Off Time for which the quotes shall be valid, beyond which the quotes shall expire. Once the initiating Member confirms on any one of the received quotes, (resulting in a Trade), the negotiation shall cease on such confirmation and the remaining received quotes shall be cancelled, with a message to that effect to the responding Member(s).

H. Post Order Matching Activities

1. When the Trades are concluded on the Bond Forwards Dealing System on the basis of bilateral limits, the Trade shall automatically be processed through a Straight Through Process (“STP”) to CCIL-TR for further processing. The Counterparty information shall be provided to both the Members as it is dealt on bilateral limit basis.
2. Where a Member of the Bond Forwards Dealing Segment, has opted for Physical Settlement and/or desires to settle its Bond Forward Trades as a Constituent in the Securities Segment of the Clearing Corporation, Clearcorp shall provide Trade details to the Clearing Corporation from time to time.

I. Limitation of Liability

The Bond Forwards Dealing System as specified under these Regulations are provided on a ‘best-effort’ basis. Clearcorp, its respective officers, directors, and employees shall not be liable to any person or Member for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, and direct, indirect, incidental, consequential or punitive damages), arising from:

1. any failure, malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption, termination, or any other cause, in connection with the furnishing, performance, operation, maintenance, use of or inability to use all or any part of any of the Dealing Systems and / or services, equipment or facilities used to support such systems and services, including without limitation electronic order entry/delivery, trading through any electronic means, electronic communication of market data or

information, price reporting systems and any and all, communications networks, central computers, software, hardware, firmware relating thereto; or

2. any failure or malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption or termination, or any other cause, of any system and/or service equipment or facilities used to support such Dealing Systems or services, caused by any third parties including, but not limited to, independent software vendors and network providers; or
3. any errors or inaccuracies in information provided by Clearcorp.

Chapter VI: Risk Management

Void Trade

1. The Trades concluded on Bond Forwards Dealing System shall not be cancelled under normal circumstances.
2. Clearcorp, however, under exceptional situations, shall have the right to cancel the Trades in case of any system failures at Clearcorp leading to failure of Trade acceptance process or where such action is necessary to protect the integrity of the market or in the case of Trades resulting from an error where such Trade is attributed to fraud, material mistake, regulatory action, error that impacts the sanity of rate/ price discovery, etc. or where such action is necessary to protect the integrity of the market as per policy notified from time to time.
3. Notwithstanding any other provisions, Clearcorp, shall be entitled to cancel any Trade if it believes that the Trades are executed at the prices or volumes that could adversely affect market integrity or if both the Counterparties to the Trade desire such cancellation.
4. Trades treated as cancelled in such events set out in clause (b) and (c) above shall be *void ab initio*. No liability whatsoever shall accrue to Clearcorp and/or any of its officials.
5. The policy for Trade cancellation, if any, shall be notified by Clearcorp from time to time.

Chapter VII: Clearing and Settlement

1. Trades executed on the Bond Forwards Dealing System shall be automatically sent by the Bond Forwards Dealing System to CCIL-TR and Securities Segment of the Clearing Corporation for Clearing and Settlement of Trades on S-2 day.

Chapter VIII: Sudden Event Handling

1. Clearcorp may, due to the occurrence of any unforeseen event or circumstances beyond the control of Clearcorp, suspend the Dealing in its Bond Forwards Dealing System by declaration of an unscheduled holiday.
2. Clearcorp shall duly inform the Members the procedures adopted in such eventuality set out in Regulation (1) above.
3. Clearcorp may elect to cancel all the Trades concluded on the Bond Forwards Dealing System under notification to Members.
4. Clearcorp may carry out any modifications that it feels relevant or necessary to any of the aforesaid provisions from time to time.
5. All decisions taken by Clearcorp shall be final and binding on all the Members.
6. Clearcorp shall not be held liable in the event of Force Majeure, strikes or any other unavoidable event that prevents Clearing Corporation/ Clearcorp from carrying out its duties pursuant to judicial orders, regulatory provisions, war (declared or undeclared), terrorist acts, general mobilization, earthquakes or any other natural disaster and strikes.

Chapter IX: Miscellaneous

1. Clearcorp is entitled in its absolute discretion to amend or supplement from time to time the provisions of its Bye-Laws, Rules and Regulations or any communications/ Notifications/circulars/instructions issued thereunder to the extent necessitated by market conditions and/ or regulatory requirements. The same shall be binding on the Members.
2. Members shall normally be notified of any changes with due advance notice prior to the effective date thereof, unless any emergent action of Clearcorp becomes necessary due to any sudden development making such advance notification impossible.
3. In the event of technical problems, Clearcorp may temporarily suspend access to the Bond Forwards Dealing System for a Member or all the Members.
4. In the event any of the measures, as above, is implemented which affect the operation of Bond Forwards Dealing System, the Members affected thereby shall, to the extent possible, be notified thereof *via* the system or, in the case of a system failure, by other suitable means.
5. If participation in dealing on Bond Forwards Dealing System is not possible for any Member or group of Members due to technical disruptions, the Bond Forwards Dealing System shall continue to be available to other Members.

A. Suspension of a Member from the Bond Forwards Dealing System by Clearcorp.

1. Clearcorp may suspend any of its Members as specified in the Bye-Laws, Rules and Regulations.
2. The Managing Director (MD) of Clearcorp or a Committee of not less than two officials nominated by the MD may disable a Member from accessing the facilities of Clearcorp, if in the opinion of the MD or the Committee of officials circumstances exist warranting disablement pending suspension.

Provided that, within a reasonable time after such disablement, the MD or the Committee of officials as the case may be shall record in writing the reasons for such disablement provided however that the same shall be reported at the next Board or the Committee meeting whichever is earlier. After such disablement, Clearcorp shall communicate the information to other Members.

B. Limitation of Liability.

1. No claim suit or any other legal proceeding shall lie against Clearcorp or any of its officials for anything with respect to the Bond Forwards Dealing System, which is done or intended to be done by them in good faith.

C. Dispute Resolution.

1. All disputes between the Member and Clearcorp shall be handled by the dispute resolution mechanism as laid out in Chapter VIII of Clearcorp Bye-Laws.

D. Jurisdiction.

1. Any Deal entered into through the Bond Forwards Dealing System shall be deemed to have been entered at the computerized processing unit of Clearcorp at Mumbai and the place of contracting shall also be reckoned to be Mumbai.
2. All parties to a reference to arbitration and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai or any other court as may be prescribed by Clearcorp for the purpose of giving effect to the provisions of the Arbitration and Conciliation Act, 1996 as laid out in Chapter VIII of Clearcorp Bye-Laws.