CIRCULAR

CIR/MRD/DRMNP/ 33 /2017 April 26, 2017

To
All recognized Clearing Corporations

Dear Sir / Madam,

Sub: Acceptance of Central Government Securities by Clearing Corporations towards Core Settlement Guarantee Fund (SGF) Contribution by Clearing Members

1) SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, specified the guidelines for Core Settlement Guarantee Fund, Default Waterfall and Stress Test for Clearing Corporations.

2) Based on the feedback received from the market participants and the recommendation of the Risk Management Review Committee of SEBI, it has been decided that the clearing members shall be permitted to bring their contribution towards Core Settlement Guarantee Fund, in the form of Central Government Securities, in addition to Cash and Bank Fixed Deposits in terms of point 11 of the abovementioned SEBI circular dated August 27, 2014.

3) Clearing Corporations are directed to:

   a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
   b) bring the provisions of this circular to the notice of their members and also disseminate the same on its website; and
   c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Report.

4) This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.

5) This circular is available on SEBI website at www.sebi.gov.in, under the category "Circulars".

Yours faithfully,

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