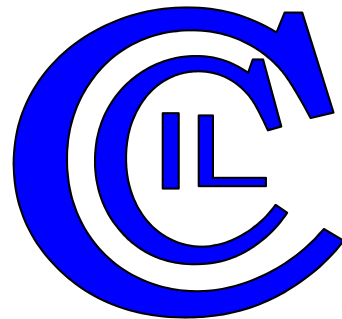
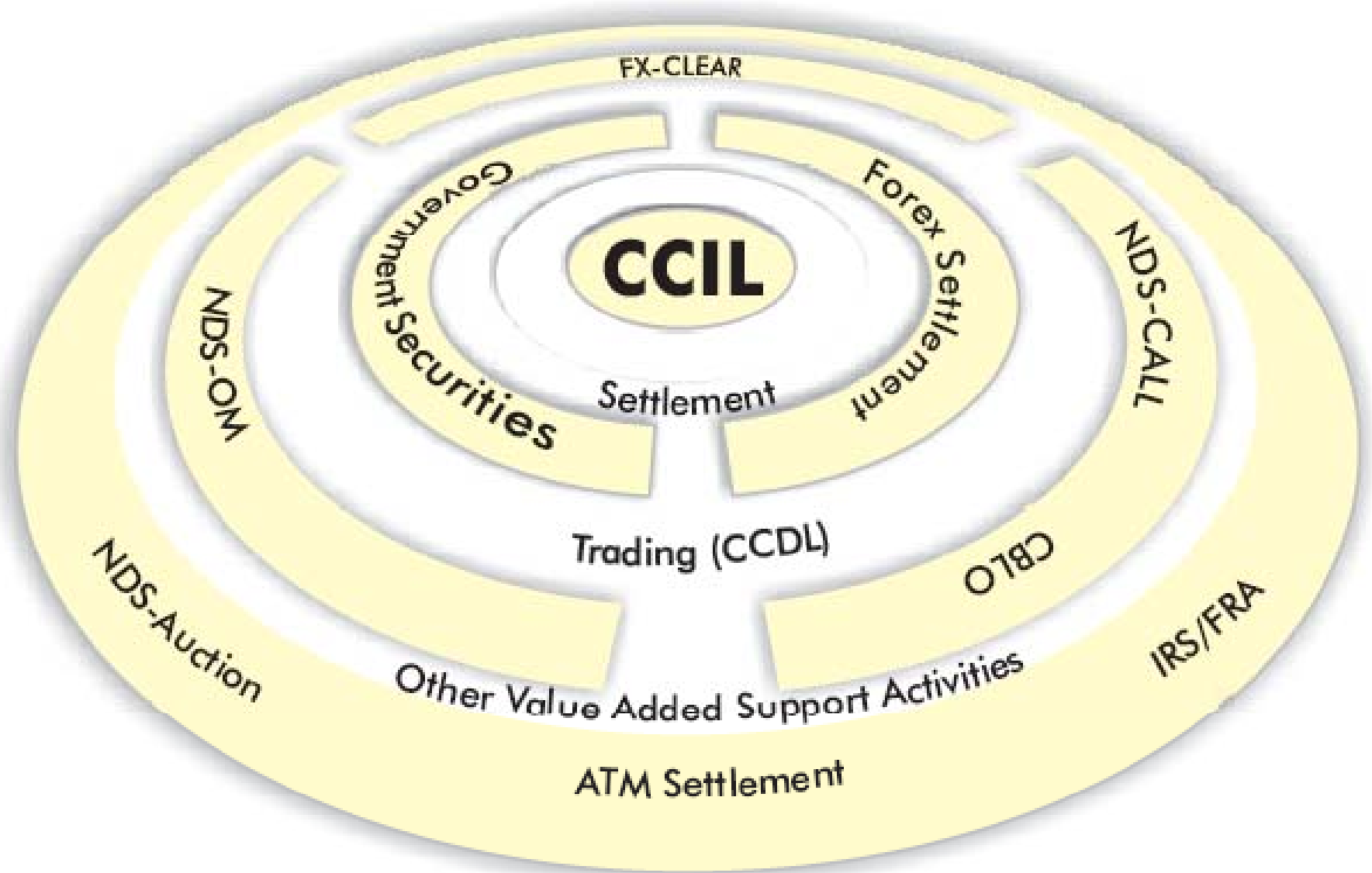


# Developments in CCIL and their impact on risk in Forex Markets



# Agenda

- Objectives
- Functions
- Responsibilities
- Achievements
- Way Forward



# Organization

- Initiated by RBI through a Core Committee
- Co-opted:
  - FIMMDA, AMFI, PDAI, FEDAI, RBI
- Incorporated on the 30th of April, 2001
- Operations on February 15, 2002 with the Negotiated Dealing System of RBI
- Ownership – Banks, Institutions and NBFCs
- SBI is the lead promoter

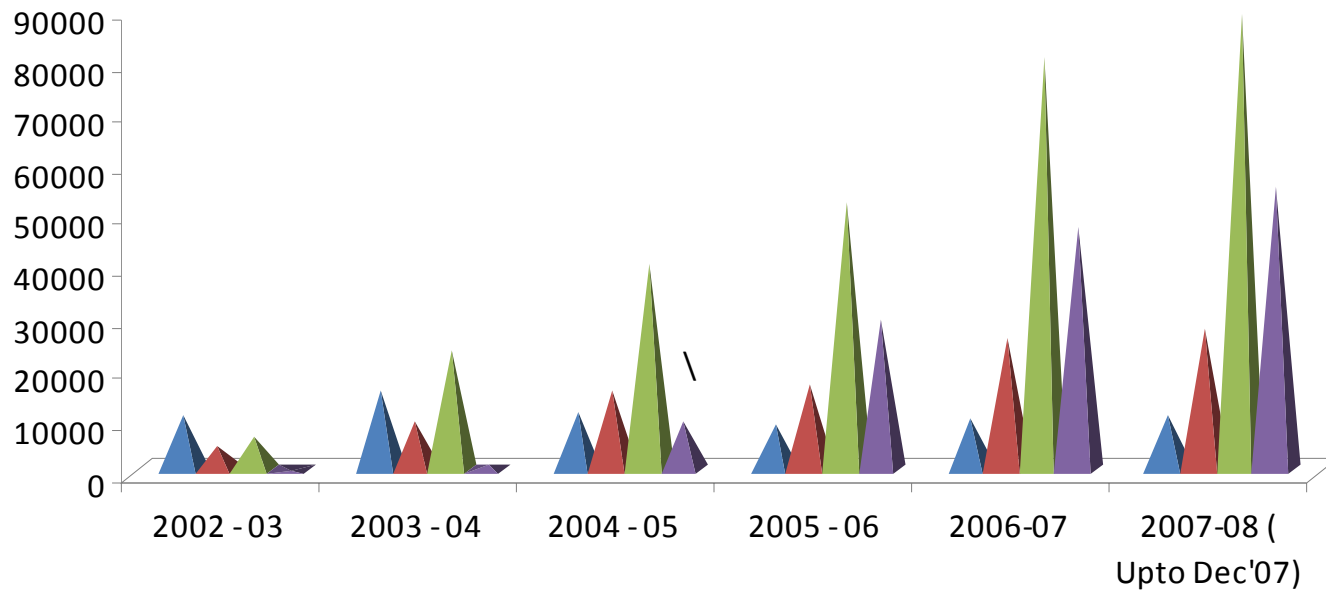
# Objective

- Creating institutional structure for the C&S in Gilts and Forex & Related Products
  - Structured Settlement System with CCP
- Bringing in efficiency in the transaction settlement process
  - STP
  - Multilateral Netting
  - Finality of settlement
- Insulate the financial system from shocks emanating from the operations related issues
  - Novation

# Snapshot of Daily activity at CCIL

- Govt. Bonds – Rs.6000crores (currently about Rs.15000crores)
- Repo – Rs.13000crores
- **Forex – Rs.48000crores**
- CBLO – Rs.30000crores
- NDS-Call – Rs.15000crores
- CLS (Cross Currency) – Rs.10000crores
- IRS/FRA – Rs.15000crores

**CCIL Business Growth**



Years

■ Bonds ■ Repo ■ Forex ■ CBLO

# Facilitator in Growth.....1

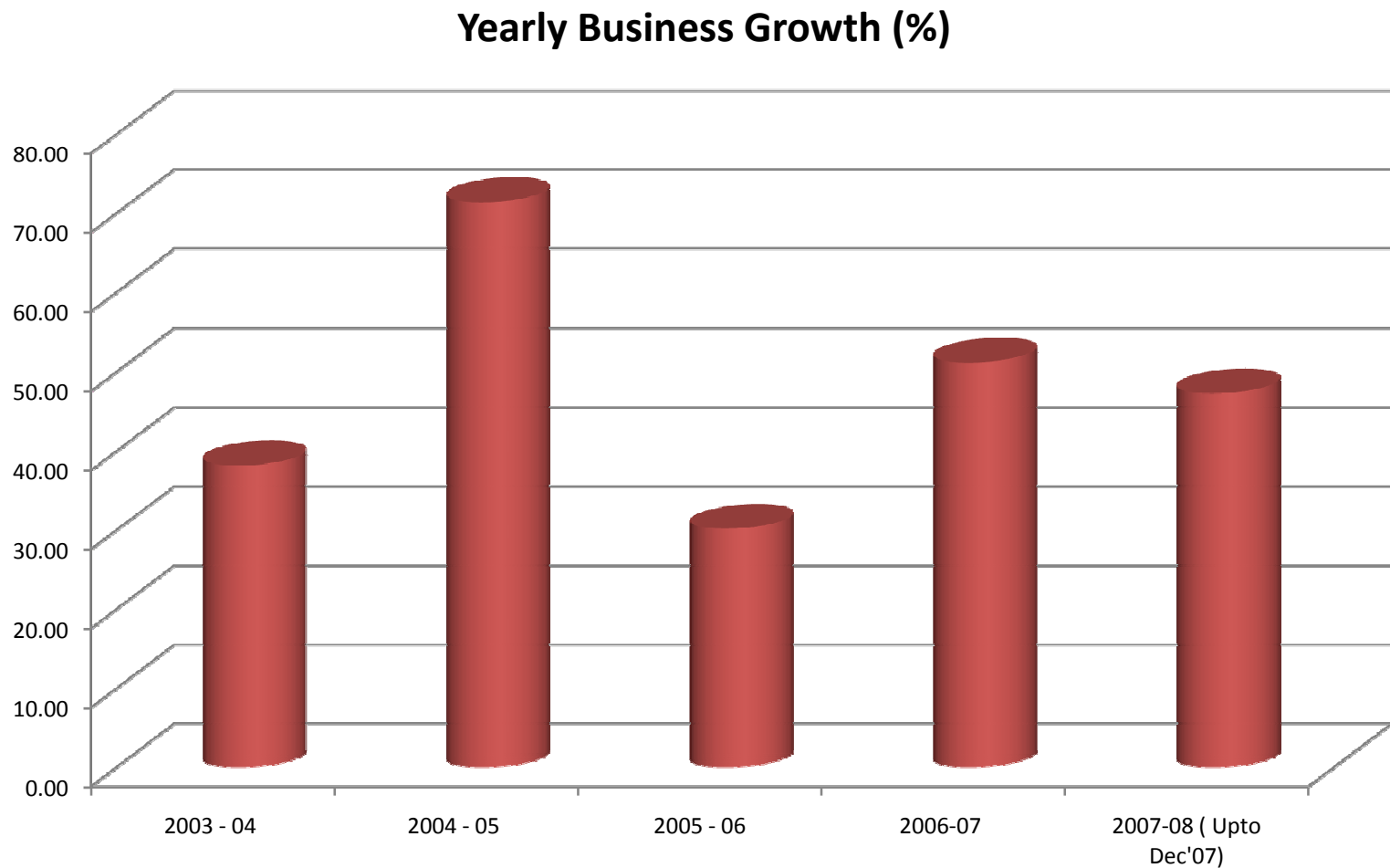
- Gilts
  - Guaranteed settlement eliminating Counter-party risk in outright and repo
  - On Time Settlement since Feb'2002
  - Netting benefit in terms of DvP III since April'04
    - Funds – 81%
    - Securities – 61%

# Facilitator in Growth.....2

- Forex
  - Guarantee of Settlement of INR-USD Inter bank deals
  - Netting
    - 92% in 2007-08
  - CLS
    - Cross Currency Settlement of Indian Banks
  - Dealing Platform – FXClear
    - Provided free of cost to members

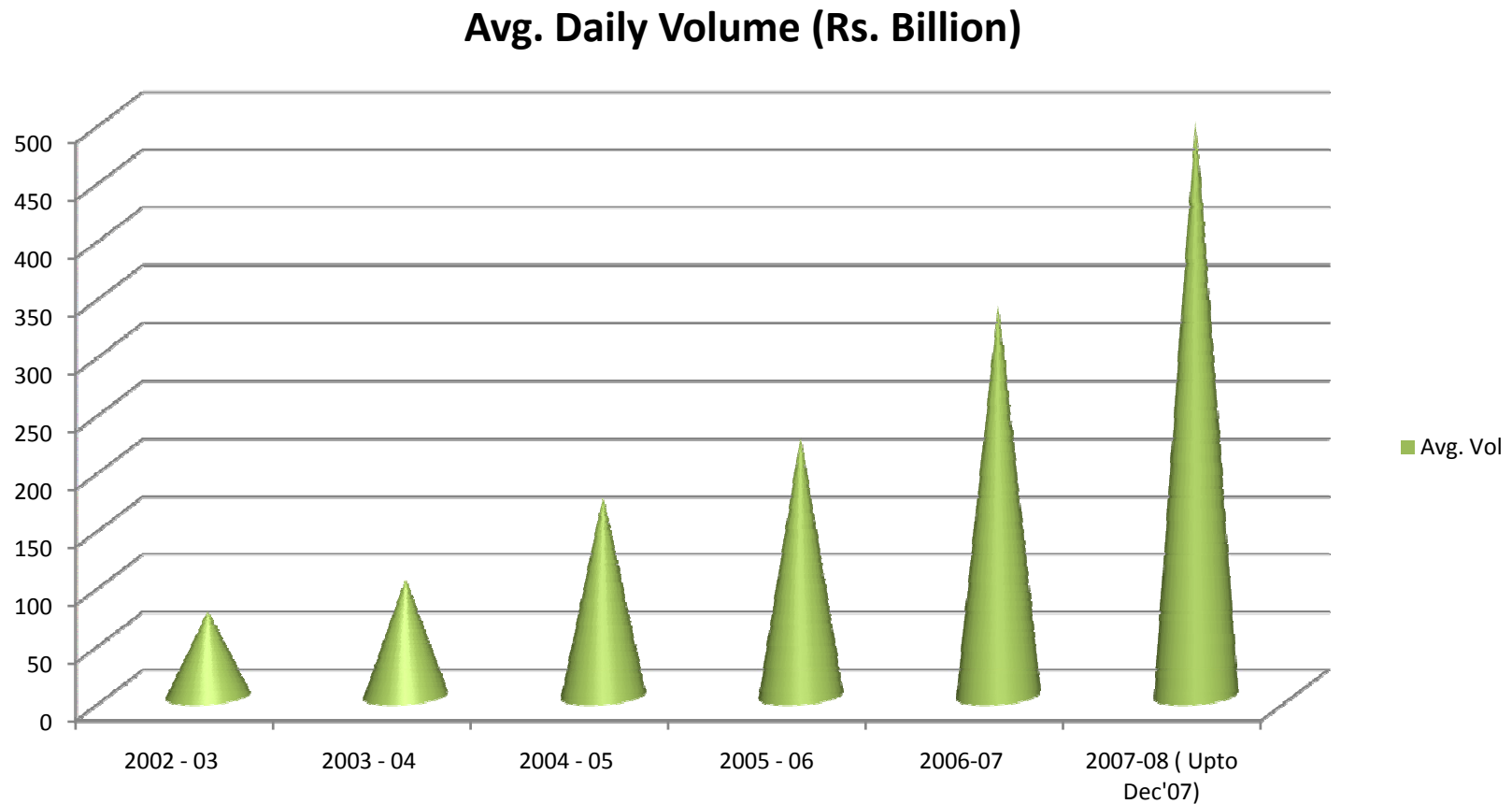
# Forex Market in India

- Growing at faster pace

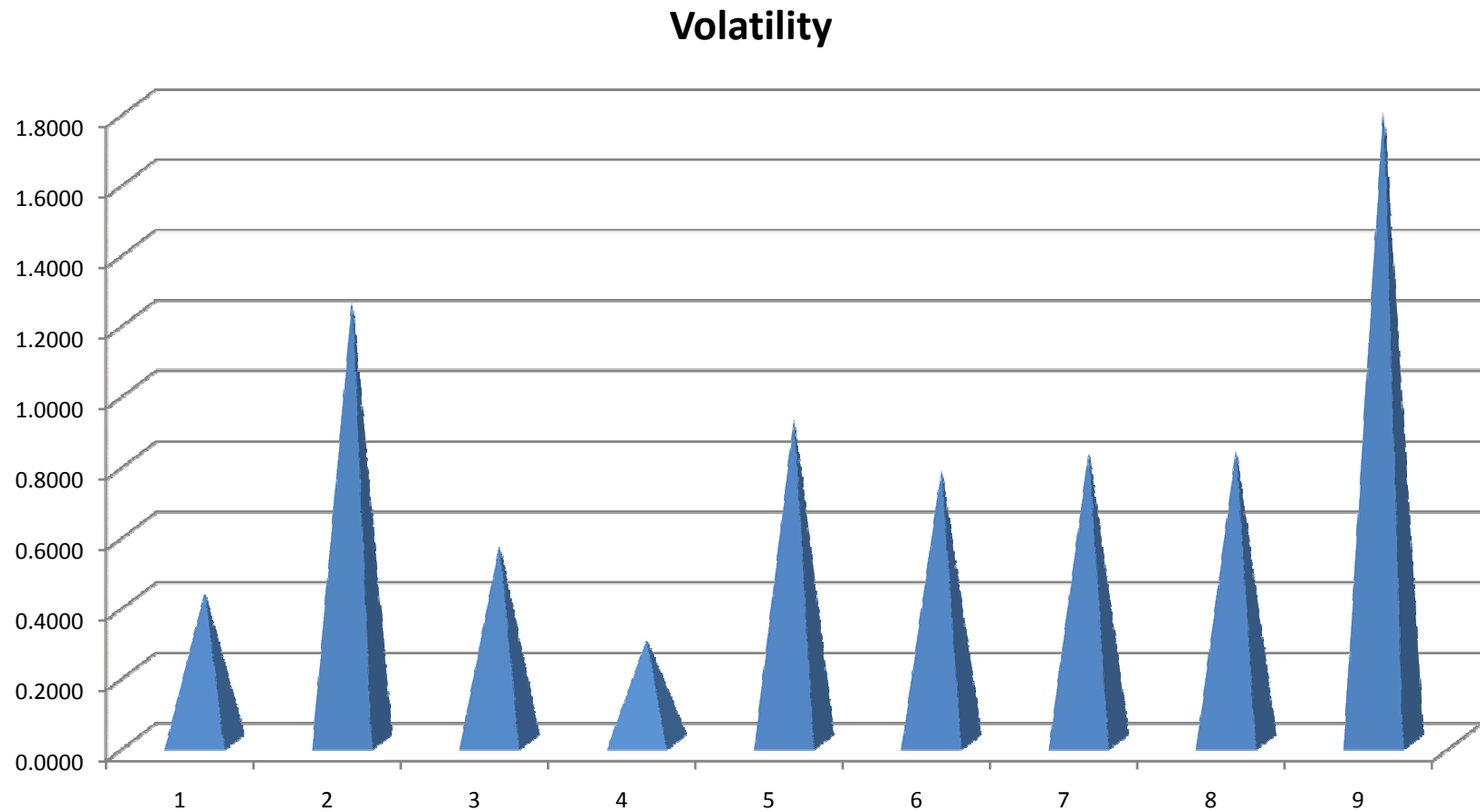


# Forex Market Direction

- More Volume



# Volatility of Exchange Rate(1999 to 2007)



# How we Manage Risk

- **Central Counter Party**
- **Exposure Management**
  - **Net Debit Cap**
- **Daily Margins**
  - **Mark to Market**
  - **Volatility**
  - **Concentration**
- **Lamfalussy Standards**
- **CPSS(Committee on Payment and Settlement Systems) / IOSCO (International Organization of Securities Commissions) Compliant**

# Facilitator in Growth.....3

- Collateralized Borrowing & Lending Obligation (CBLO)
  - Unique Product in the World
  - Trading, Clearing & Settlement
  - Guaranteed settlement
  - Accounts for more than 50% of the total money market
  - Efficient Price Discovery
  - Sets the rates for other short term markets

# Facilitator in Growth.....4

- ATM Transactions
  - Inter-bank settlement of ATM transactions through National Financial switch

# Facilitator in Growth.....5

- Expertise
  - Developed and Managing the G-Secs and T-bills trading platform NDS-OM of RBI
    - Anonymous Order Matching System
    - When Issued Market
  - Developed and Managing dealing platform NDS-Call of RBI
    - Electronic Negotiation
    - Call, Notice & Term
  - Auction Module for T-bills bidding
  - IRS/FRA reporting Platform

# Information Dissemination

- Availability of Information
- Trade information updates at frequent intervals
  - NDS-OM/ NDS-Call/CBLO – Real time
  - Comparable Money Market Rates – 30 minutes
  - Consolidated Information for all Market segments
    - End of day
  - Real time Data feed to Reuters, Bloomberg, Newswire18, Ticker Plant, etc.

# Development Initiatives

- Zero Coupon Yield Curve
- Bond Indices
- T-bills Indices
- Benchmark Rates
  - MIBID/MIBOR (twice)
  - CCBID/CCBOR (twice)
  - Spot INR/USD Exchange Rate

# Other CCIL Initiatives

- Publications
  - Weekly market update
  - Monthly News Letter
  - Yearly Factbook
- ISO/ICE 27001:2005 Certified for Data Security
- Training
  - 2340 officers from banks have been provided training support in last 2 years

# Way Forward

- Auction of Dated Securities
- Repo Trading Platform
- Buy Back System for GSecs

# Our Contribution

- Improved Transparency
- Availability of Information to all at zero or minimum cost
- Huge Savings for Members in terms of Back office cost
- Netting has provided high leverage
- Elimination of Counter-party risk
- Higher level of Trading
- Improved Liquidity in the market

Thank You