



**THE CLEARING CORPORATION OF INDIA LTD.**

**NOTIFICATION**

**RUPEE DERIVATIVES SEGMENT**

**Derivatives Department -Rupee Derivatives Segment**

**Date:** 11<sup>th</sup> Mar 2024

**Notification No.:** CCIL/DRV/IRS/0324/07

To,

**All Members**

**Rupee Derivatives Segment**

**Subject: Introduction of delayed payment of 2 (two) business day for settlement of Rupee Interest Rate Swap trades referenced to Modified MIFOR (MMFOR) benchmark.**

We invite attention to the Circular No. FIMCIR/2023-24/38 issued by FIMMDA on 30<sup>th</sup> Jan'2024<sup>1</sup>. As stated therein, a two business day pay delay is being introduced on all the coupon payments in all trades of Modified MIFOR benchmark as a Standard Market Convention. Further, as per the above Notification, for existing trades, "*... the revised convention of two-business day pay delay in coupon payments would be applicable to all Modified MIFOR trades outstanding as on 15th April 2024. To facilitate uniform implementation across all outstanding trades as on 15th April 2024, the counterparties need to execute the Multilateral Amendment Agreement (MLA) which has been finalised by IBA ....*"

In view of this revision in the market convention, CCIL shall be introducing two business day pay delay as a standard convention for all Interest Rate Swaps trades referenced to Modified MIFOR (MMFOR) benchmark reported by Members of Rupee Derivative Segment and Rupee Derivatives (Guaranteed Settlement) Segment.

2. The implementation of pay delay shall be applicable to all MMFOR trades outstanding as on 15-April-24 and to all new trades entered into after this date in the following manner:

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<sup>1</sup> <https://fimmda.org/uploads/Circulars/FIMCIR2023-24%2016-Modified%20Mifor%20Trades.pdf>

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- a) The actual settlement date of each cash flow shall be arrived at by adding two business days to the cash flow date (coupon payment date) of Interest Rate Swap trades referenced to Modified MIFOR (MMFOR) benchmark. The actual settlement date shall follow INR (Mumbai) holidays based on ‘FOLLOWING’ business day convention. USD (New York) holiday shall not be considered for arriving at the actual settlement date. The concept of pay delay shall not apply to reversal trades and the reversal settlement date shall continue to be the actual settlement date for such trades.
- b) The cash flow dates for all the outstanding (guaranteed and non-guaranteed) MMFOR trades in CCIL’s records and new MMFOR trades reported by members, falling on 16<sup>th</sup> Apr 2024 or any subsequent date shall be shifted by two business days. This shall also include all the transitioned trades (converted from MIFOR to Modified MIFOR) which are outstanding in CCIL's records. An illustration of the pay delay convention is in the table below:

<b>Cash flow Date</b>	<b>Cash flow settlement date</b>	<b>Remarks</b>
15 <sup>th</sup> April'24	15 <sup>th</sup> April'24	Cash flow will not be affected by introduction of pay delay.
16 <sup>th</sup> April'24	19 <sup>th</sup> April'24	Since the new convention of pay delay is effective from 16 <sup>th</sup> April'24, the actual settlement date of the cash flow is shifted by two business days (17 <sup>th</sup> April'24 is an INR holiday)
18 <sup>th</sup> April'24	22 <sup>nd</sup> April'24	Actual settlement date of the cash flow is shifted by two business days (20 <sup>th</sup> April and 21 <sup>st</sup> April are Saturday and Sunday respectively)
29 <sup>th</sup> April'24	02 <sup>nd</sup> May'24	Actual settlement date of the cash flow is shifted by two business days (01 <sup>st</sup> May'24 is an INR holiday). <i>No adjustment to be made even if the cash flow settlement date moves to the next month.</i>
22 <sup>nd</sup> May'24	27 <sup>th</sup> May'24	Actual settlement date is shifted by two business days (23 <sup>rd</sup> May'24 is a INR holiday, 25 <sup>th</sup> May

		and 26 <sup>th</sup> May are Saturday and Sunday respectively. 27 <sup>th</sup> May is a USD holiday but shall be a valid cash flow settlement date under pay delay).
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**Note:**

Except for the cash flow settlement date arrived at under pay delay, all other dates shall continue to follow the Modified Following Business Day Convention.

The cash flows shall be reflected in the Member's existing Interim and final IRS Obligation report available over CCIL Report Browser. Further the information shall also be available on the IRIS platform provided by CCIL to all members.

- c) There shall be no change in the existing logic of computation of cash flow dates (coupon payments dates), their corresponding reset dates (fixing dates) and the cash flow amounts for such trades. Thus, the cash flow amount computed for the interest period shall be settled after two business days without any adjustment for interest for these two business days.
- d) Further, there shall be no change in the format of the IRS trade reporting message structure used for reporting trades to CCIL.
- e) When valuing MMFOR swaps for the purpose of margining, cash flows will now be discounted from the cash flow settlement date rather than the cash flow date.
- f) The new market convention of 'pay delay' shall apply only to trades referenced to MMFOR benchmark and there shall be no impact/change for trades in any other INR linked benchmarks i.e. MIBOR OIS and MIOIS owing to its introduction.
- g) "Pay Delay" will be introduced for all Modified MIFOR trades effective from **16<sup>th</sup> April 2024.**

**For The Clearing Corporation of India Ltd**

**Sd/-**

**Managing Director**

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