

Annexure 4: Interim model for allocation

The following interim model shall be applicable for all custodial participant trades in cash market.

In the context of allocation and confirmation process in cash market;

1. "Local CC" of an exchange will mean the CC undertaking clearing and settlement for a given exchange in the existing framework prior to implementation of CC interoperability.
2. "Designated CC of trading member" will mean the CC designated by the clearing member of a given trading member under interoperability.
3. "Designated CC of custodial participant" will mean the CC designated by the custodian of a given custodial participant under interoperability.

Under the interim model:

1. Regardless of the designated CCs of trading member or custodial participant, the allocation and confirmation process for trades executed on an exchange will take place at the Local CC of the exchange in accordance with its existing practices.
2. However, the levy of margin (as applicable in case of upfront marginable and non-upfront marginable custodial participants) and settlement will be performed by the members at their designated CCs.
3. The role of the Local CC will be restricted to provide the facility of allocation and confirmation only; and the local CC will not be responsible for any other functions.

