

Grant of Qualifying Central Counterparty (QCCP) status to CCPs operating in GIFT IFSC



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India International Clearing Corporation (IFSC) Limited and NSE IFSC Clearing Corporation Limited are functioning as Central Counterparties (CCPs) in the Gujarat International Finance Tec-City, an International Financial Services Centre (GIFT-IFSC).

These clearing corporations have qualified as QCCPs in view of the fact that these are regulated by Securities and Exchange Board of India (SEBI) under SEBI Act 1992, Securities Contract (Regulation) Act, 1956 (SCRA) and Rules, Regulations and Guidelines made thereunder. These clearing corporations are also subjected, on an on-going basis, to rules and regulations that are consistent with the Principles for Financial Market Infrastructures (PFMIs) issued by the Committee on Payments and Market Infrastructures (CPMI) and International Organisation of Securities Commissions (IOSCO).

Background

Clearing Corporations in securities market are established under SCRA and SEBI (Stock Exchanges and Clearing Corporations) Regulations, 2012, and amendments thereto, to undertake the activity of clearing and settlement of trades in securities or other instruments or products that are dealt with or traded on the recognized stock exchanges.

Clearing Corporations are designated as Market Infrastructure Institutions (MII) for oversight considering its systemic importance in securities markets regulated by the SEBI. The "Principles for Financial Market Infrastructure" (PFMIs) were issued by the CPMI and IOSCO in April 2012. These were issued to enhance safety and efficiency in payment, clearing settlement, and recording arrangements, and more broadly, to limit systemic risk and foster transparency and financial stability. The members of CPMI and IOSCO are required to strive to adopt the PFMIs in their respective jurisdictions in line with the G20 expectations. SEBI, as a member of Financial Stability Board (FSB) and IOSCO, is committed to the adoption and implementation of the PFMIs. In view of the above, India International Clearing Corporation (IFSC) Limited and NSE IFSC Clearing Corporation Limited are granted the status of QCCP.

