

Metropolitan Clearing Corporation of India Limited (MCCIL)

The Investment Policy for the Core Settlement Guarantee Fund (Core SGF) of MCCIL

INTRODUCTION:

The Investment Policy of MCCIL for Core SGF broadly lays down the conditions for the investments to be undertaken by MCCIL with regard to the earmarked fund in Currency Derivative, Equity, Equity Derivative, Debt and Commodity Derivative Segment enumerating the objectives, scope, delegation of authority, assets allocation, reporting requirements and review of investment policy.

OBJECTIVE:

The key objectives of investment policy are

- To ensure that Core SGF corpus is invested in highly liquid financial instruments with minimal market and credit risk and is capable of being liquidated rapidly with minimal adverse price effect.
- To ensure investment of Core SGF funds as per the investment norms prescribed by the SEBI from time to time.
- To provide treasury team an approved framework to facilitate investment.
- Plan short term liquidity / long term liquidity.
- Ensure deployment of surplus funds with a view of ensuring safety and security along with optimizing returns.
- To formulate prudent risk management measures to adequately take care of possible business risk in terms of sound liquidity management.

SCOPE:

This scope of this policy is to:

- Define and assign responsibilities to the treasury team..

- Provide investment parameters to ensure there is adequate diversification, minimum concentration within eligible limits and liquidity in the portfolio, so that all investible assets are managed in accordance with the objectives of investment policy.
- Outline the procedures and criteria to monitor, evaluate and compare the performance results achieved by the treasury team on a periodical basis, and report the same to the Member Selection Committee of the Governing Board.

DELEGATION OF AUTHORITY:

In terms of the SECC Regulations 2018, the investments in Core SGF has to be monitored by the Member Selection Committee (in which the Defaulters Committee is merged into). Day to day management of core SGF funds is handled by the Treasury team of Finance & Accounts Department of the MCCIL.

The Treasury Team has the responsibility which include but is not limited to:

- To purchase, sell, or hold the specific investment as specified in the investment policy.
- To maintain investments owned by the organization, collect dividend and interest payments and redeem maturing securities.
- To effect receipt and delivery following the purchases and sales of specified financial assets.
- To perform regular accounting of all investments owned, purchased or sold.

ASSET ALLOCATION:

A. Investible Fund

Investible fund for applicability of this policy will be the contribution to Core Settlement Guarantee Fund (Core SGF) which includes contribution received from MCCIL, respective Exchanges and Members, Penalties and Income earned/ accrued on Core SGF Fund.

B. Investments to include

Investments should be made in any of the following instruments/securities subject to other applicable norms:

- Fixed Deposits with Banks

- Liquid Schemes of Debt Mutual Funds

C. Investments – Fixed Deposit

Investments in Fixed Deposits shall be made with only those Banks which have a networth of more than INR 500 Crores and are rated AAA or equivalent.

Single bank limit for investments in FDs shall not exceed the higher of the following:

- 1) INR 50 crores
- 2) 33% of the overall core SGF corpus

D. Investments – Mutual Funds

Investment in liquid schemes of debt mutual funds shall not exceed a limit of 10% of the total investible core SGF corpus held by the MCCIL, at any point of time.

Single scheme limit for investments in MFs shall not exceed the higher of the following:

- 1) INR 15 crores
- 2) 5% of the overall core SGF corpus

APPROVAL:

All transactions are to be approved by the CFO and in his absence or non-availability investments to be approved by the Managing Director.

All the exceptions and deviations from the policy should be approved by the Managing Director and to be placed before the Committee in subsequent meeting.

REPORTING REQUIREMENTS:

The Committee should be provided with statement containing all pertinent transaction details for each separately managed portfolio for the relevant period, including:

- (i) Summary of Bank Wise Nature Wise & Scheme wise allocation of all investible assets.

(ii) Total purchase/sale of assets during the quarter in each class and scheme.

REVIEW OF INVESTMENT POLICY:

The Committee will review the policy at least annually or at short term intervals depending on any new SEBI Guidelines from time to time
