



MCCIL becomes first clearing corporation in India to be recognised as a Third-Country CCP by Bank of England

- **Recognition enables** to offer clearing services to UK-based entities in case of Brexit
- The recognition comes additional to a recognition by ESMA, received in 2017

Mumbai, 14th March 2019: Metropolitan Clearing Corporation of India Ltd (MCCIL), an arm of Metropolitan Stock Exchange of India, has become the first SEBI recognised clearing corporation in the country to receive recognition as a Third-Country Central Counterparty (TC-CCP) by Bank of England.

The recognition, granted under United Kingdom's Temporary Recognition Regime (TRR), enables MCCIL to offer clearing services to UK-based entities once Britain's exit from the European Union (BREXIT) comes into effect.

So far, MCCIL is the only clearing corporation recognized by the Securities and Exchange Board of India (SEBI) to figure in the interim list of third-country CCPs issued vide a notification by Bank of England on February 28. There are currently seven clearing houses recognized by SEBI including BSE's Indian Clearing Corporation Ltd and NSE's NSE Clearing Ltd.

In October 2017, MCCIL had received recognition as a third country CCP by the European Securities and Markets Authority (ESMA) under the European Market Infrastructure Regulation (EMIR). As per these norms, a CCP not established in the European Union may provide clearing services to members or trading venues established in the European Union only if it is recognised by ESMA TC-CCP.

In wake of Brexit, Bank of England had issued its own requirements for granting recognition to third country CCPs. If UK were to exit European Union, TC-CCP status granted by ESMA would not be applicable in the UK.

As per recognition granted by UK, CCPs will enter the TRR and remain there, so long as they continue to meet the eligibility criteria. The TRR will enable eligible non-UK CCPs to provide clearing services and activities in the UK for up to three years from the commencement of the TRR, extendable by HM Treasury in increments of twelve months.



Commenting on the development, Mr Balu Nair, Managing Director, MCCIL said “The approval holds significance with interoperability of clearing corporations kicking in from 1st June, this year. Keeping investor interest foremost, MCCIL anticipated the importance of this recognition and proactively applied for it. This recognition is mandatory and would be an added comfort for clearing members. Today, we clear and settle trades for MSE and ICEX which do not have significant FPI participation except in currency derivatives. Most FPI trades are witnessed on NSE and BSE. This recognition and interoperability will help us boost our business and attract new institutions, especially those constituted in UK”

On December 16, 2016, the European Commission had determined that India has an equivalent regulatory regime for central counterparties to the European Union. On June 7, 2017, the Union Cabinet (India) gave its approval to SEBI for entering into a Memorandum of understanding (MoU) with ESMA in relation to Mutual Co-operation. On June 21, 2017, SEBI established the MoU with ESMA under EMIR.

About MCCIL

MCCIL is a subsidiary of Metropolitan Stock Exchange of India Ltd. (MSE), a new age Clearing Corporation constituted to undertake clearing and settlement of deals in multi asset classes. The company offers best-in-class services to its clearing members with the help of its state of the art risk management framework and unparalleled clearing and settlement systems with dedicated linkages with clearing partners.

The company commenced its operations on February 16, 2009 with clearing and settlement of trades for MSE. From October 1, 2018, MCCIL also started its clearing services for ICEX, thereby becoming the only SEBI recognised clearing corporation to provide services for multiple exchanges and multiple asset classes.