

## **APPLICABILITY OF PROCESSING/ADMINISTRATION FEES TO THE PARTICIPANTS WITH DVP IMPLEMENTATION**

The following mechanism is applicable in determining the applicable amounts of additional processing/administration fees applicable to CDS as highlighted in **the CDS rules** with a view to facilitate the implementation of the Delivery Versus Payment (DVP) settlement mechanism.

### **Introduction**

The CDS will charge additional processing/administration fees from the participants on certain instances as explained below subsequent to the implementation of the DVP. These fees will be collected from the participants on monthly basis.

1. Excluded Crossings (High Value Transactions)
2. Collateral Management

### **Excluded Crossings (High Value Transactions)**

The CDS will introduce a new feature called Excluded Crossing (EC) with the DVP implementation.

This is where any Crossing (block trade) which exceeds Rs.100 million, the participants are given the opportunity to settle the trade on gross basis outside the normal settlement schedule. If the participants are opted for this facility, upon the execution of the trade, the Stockbrokers for the trade representing both the Buyer and the Seller will be required to send a request to the CDS before for the settlement date and the CDS will mark the trade as an EC. Once a trade is marked EC, no margin requirement shall be applicable.

For facilitating this process, the CDS recommends to charge following additional administration fee from both the parties, buyer and seller.

Administration Fee for the CDS – **0.015%** from the transaction value for both Buy and Sell side each. (In addition to other transaction fees applicable in terms the Rules of the CSE)

### **Collateral Management Fee**

Subsequent to the implementation of the DVP, all participants shall bring in additional collateral to the CDS in respect of the transactions they carry out on a trading day to cover their daily margin requirement. Such collateral can be in the form of Cash or Bank Guarantees. Any cash collateral provided by the participants will be invested by the CDS and any excess

collateral shall be returned to them upon a request, with the interest applicable for such investment.

The CDS recommends to charge following administration fee for the Collateral Management function carried out by CDS.

An administration fee of **5%** from the interest earned on the investment subject to a cap of **Rs.5000**.

As explained above following is a summary administration/processing fees which are recommended by the CDS with the implementation of the DVP for the approval of the Board.

<b>No.</b>	<b>Fee Type</b>	<b>Fee (Amount in Rs. Or as a percentage)</b>
1	Excluded Crossings Administration Fee	0.015% from transaction value
2	Collateral Management Fee	5% from the Interest paid subject to a cap of Rs.5000