



**M**ETROPOLITAN  
CLEAR >>>>

Metropolitan Clearing Corporation of India Limited (MCCIL)



- 👍 Metropolitan Clearing Corporation of India Limited (MCCIL) is a subsidiary of the Metropolitan Stock Exchange of India Limited (MSEI) which is the youngest National Stock Exchange in India.
- 👍 Acts as central counterparty to trades, provide full novation and carry out the business of clearing and settlement of trades done on Currency Derivatives, Capital Markets, Futures & Options and Debt Market Segments of the MSEI.
- 👍 Recognised as a Clearing Corporation & a Qualified Central Counter Party (QCCP) by SEBI.
- 👍 Third Country CCP (TC-CCP) recognition from the European Securities Market Authority (ESMA)
- 👍 Authorized by the RBI for clearing and settlement of Currency Derivatives & Debt
- 👍 Professionally managed Board and qualified staff

## Governing Board

### Public Interest Directors

Mr. P Vijaya Bhaskar, Chairman  
Former Executive Director, RBI

Mr. Alok Mittal  
Partner – Alok Mittal & Associates

### Shareholder Director

Mr. Udai Kumar  
Managing Director, MSEI

### Managing Director

Mr. Balu Nair

## Management Team

Mr. Balu Nair  
Managing Director

Mr. Krishna Wagle  
Chief Financial Officer

Ms. Avni Patel  
Company Secretary

Mr. Sageer Khan  
Compliance Officer

**November 2008**

Incorporated as a separate legal entity

**February 2009**

Commencement of operations in Currency Derivatives

**February 2013**

Commencement of operations in CM and F&O Segments

**January 2014**

Qualified Central Counter Party (QCCP) status from the SEBI

**June 2013**

Commencement of operations in Debt Segment

**April 2013**

In-principle recognition as a CC from the SEBI under the SECC Regulations

**January 2014**

Commencement of operations in IRF

**September 2014**

SEBI recognition as a CC under the SECC Regulations 2012

**October 2017**

ESMA recognition as a Third Country CCP

- 👍 The policies and procedures of the Company are benchmarked in accordance with the Principles for Financial Market Infrastructures (PFMIs) prescribed by the CPSS-IOSCO.
- 👍 Dedicated Core Settlement Guarantee Fund (Core SGF) of INR 427 million which is more than 4 times of the minimum requirement based on stress test. Manages liquid assets worth INR 5 billion
- 👍 India's first QCCP to introduce insurance cover for settlement defaults as part of Default Waterfall
- 👍 India's only QCCP to have obtained ISO certifications for quality management system (ISO 9001-2008) and information security management system (ISO/IEC 27001-2005/2013) from the first year of operations.
- 👍 MCCIL is the only SEBI recognised QCCP that has completed all settlements since inception without default and delay
- 👍 No litigations and debts as on date



No defaults and delays in settlements



SEBI Recognition & QCCP Status



Processes benchmarked as per IOSCO  
PFMI



ESMA recognition as Third Country  
CCP



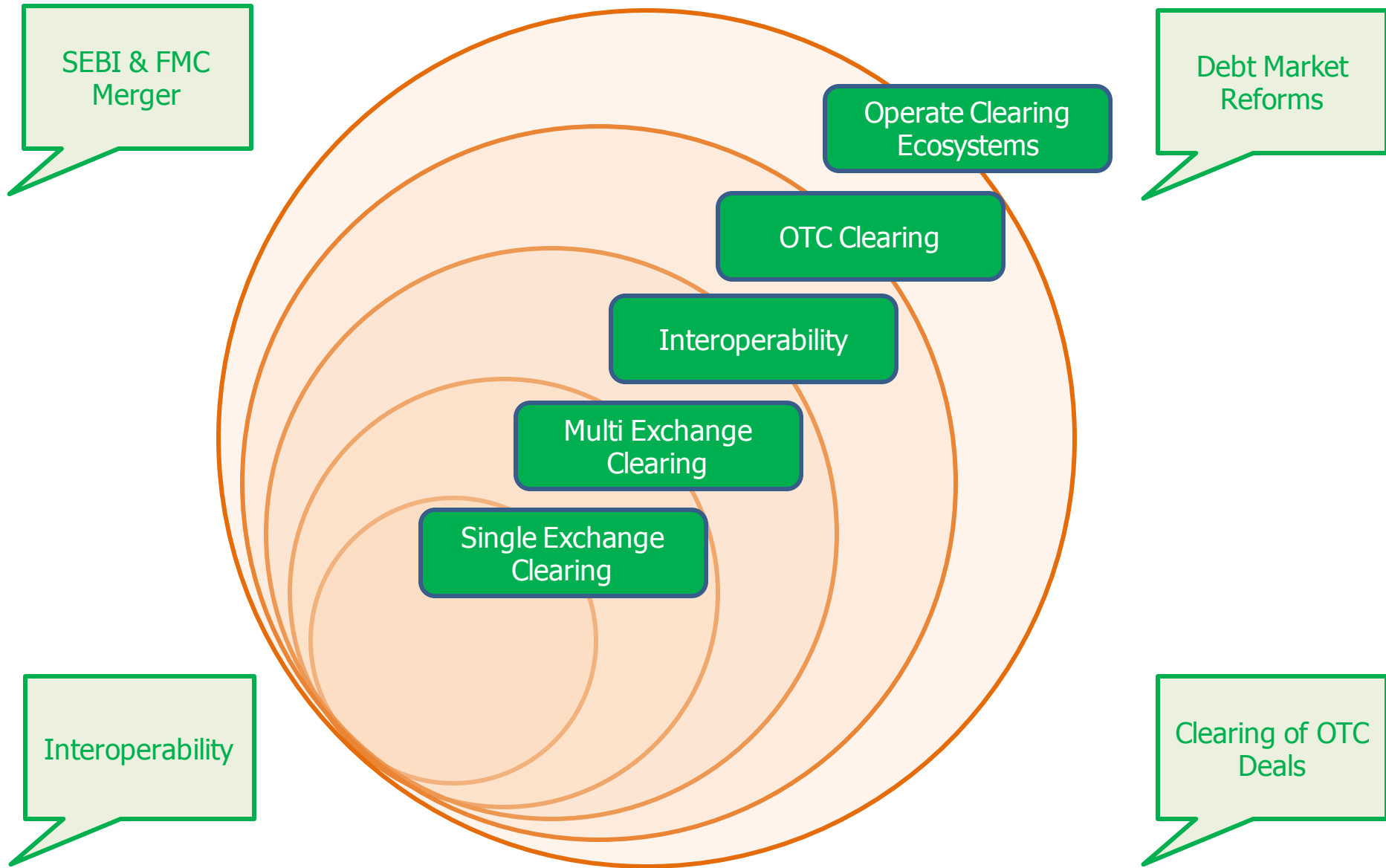
ISO 9001:2008 & ISO/IEC  
27001:2013



Unique Risk Controls

- Potential for increase in capacity and growth as MCCIL can provide QCCP services for various national commodity exchanges recently recognised as deemed stock exchanges
- Favorable regulatory environment: Due to changes in regulatory environment world-wide, more and more listed and OTC market products are expected to be mandatorily cleared through a QCCP. This presents immense opportunities for MCCIL to offer clearing and settlement services such OTC products.
- The Company is positioned as an end-to end service provider for all Clearing / QCCP related services.
- The Company is located in the Central Business District of Mumbai – the financial capital of India

# Business Opportunities





- MCCIL is the only SEBI recognised QCCP, open to investors other than parent stock exchange
- 500+ Clearing Members in Equity Segment and 100+ Clearing Members in Derivative Segment
- Consistently made profits in all fiscals since inception
- The key objective of the fund raising is to induct strategic investors to participate in the next phase of growth of the Company which requires mobilization of funds to meet the regulatory requirements.
- Investors may be given preference to acquire equity interest in future offerings by the Company.
- Investments will be subject to ownership guidelines specified by the SEBI
- SEBI regulations does not permit listing of CC. Dividends can be paid after having networth of INR 3 billion.

## Shareholding Limits:

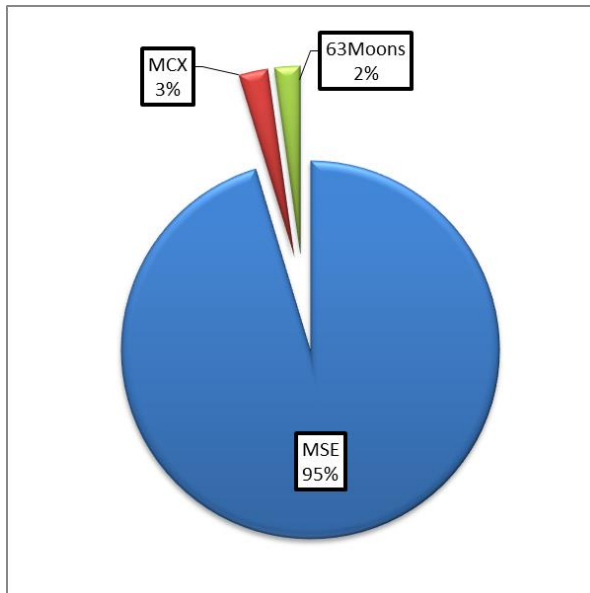
-  **At least 51%** of equity capital to be held by recognised Stock Exchange(s)
-  A resident person (Individual & Corporate) can hold equity interest **up to 5%**
-  Stock Exchanges, Depositories, Commercial Banks, Public Financial Institutions and Insurance Companies can hold equity interest **up to 15%**
-  Foreign Investors can hold equity interest **up to 5%** individually (combined foreign holding cannot exceed 49%)

## Eligibility Criteria:

-  Fit and Proper
-  Is approved by SEBI to acquire and hold such equity shares
-  Comply with provisions of SECC Regulations at all times

## Share Capital

Authorized Capital	:	Rs. 300 crore
Paid Up Capital	:	Rs. 264 crore
Reserves Surplus	:	Rs. 7 crore

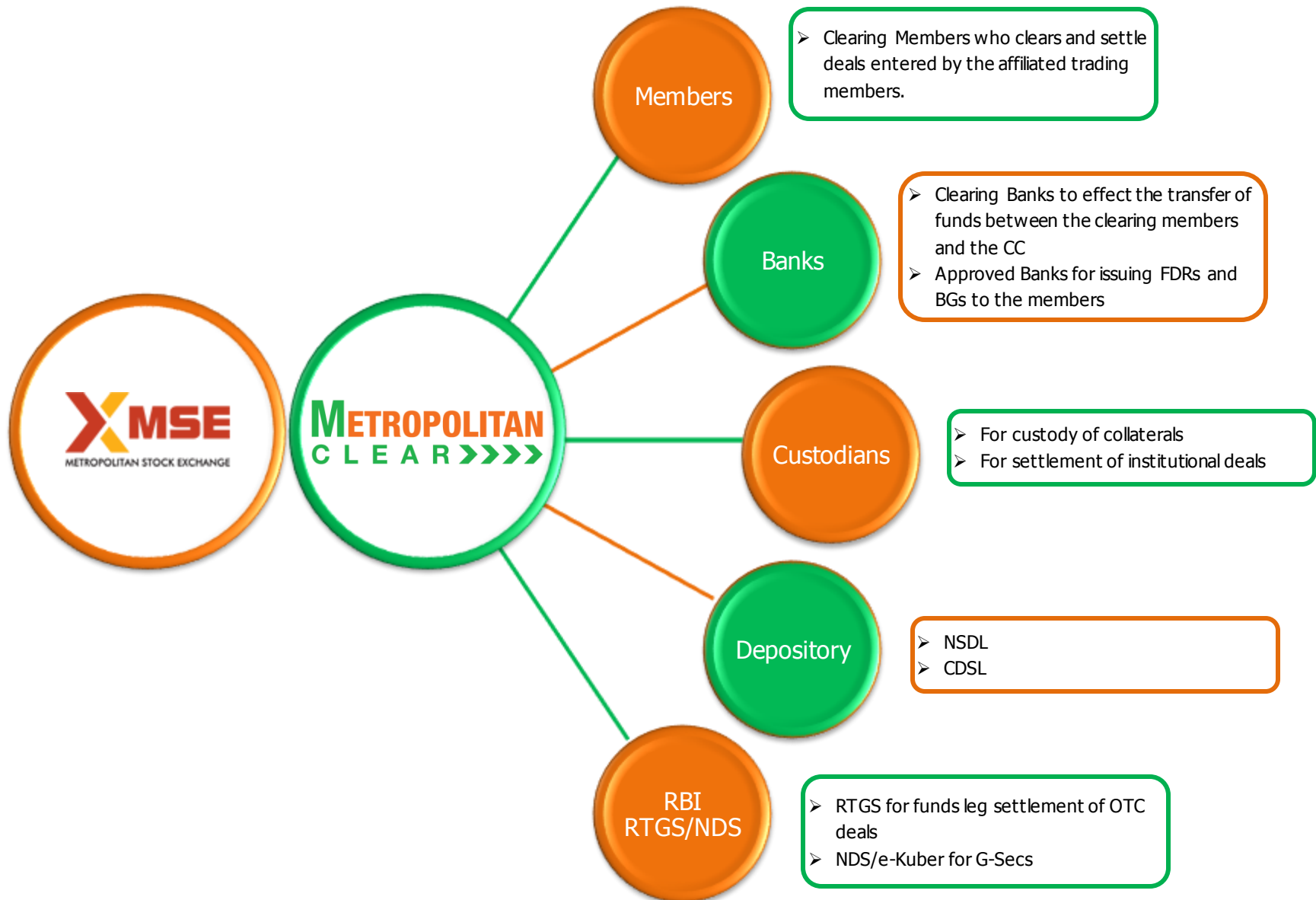


\* As per notification from SEBI dated March 19, 2014; 63 moons (FTIL) and entities through whom it indirectly holds equity share in MCCIL cannot exercise its voting rights in respect of such shareholding.

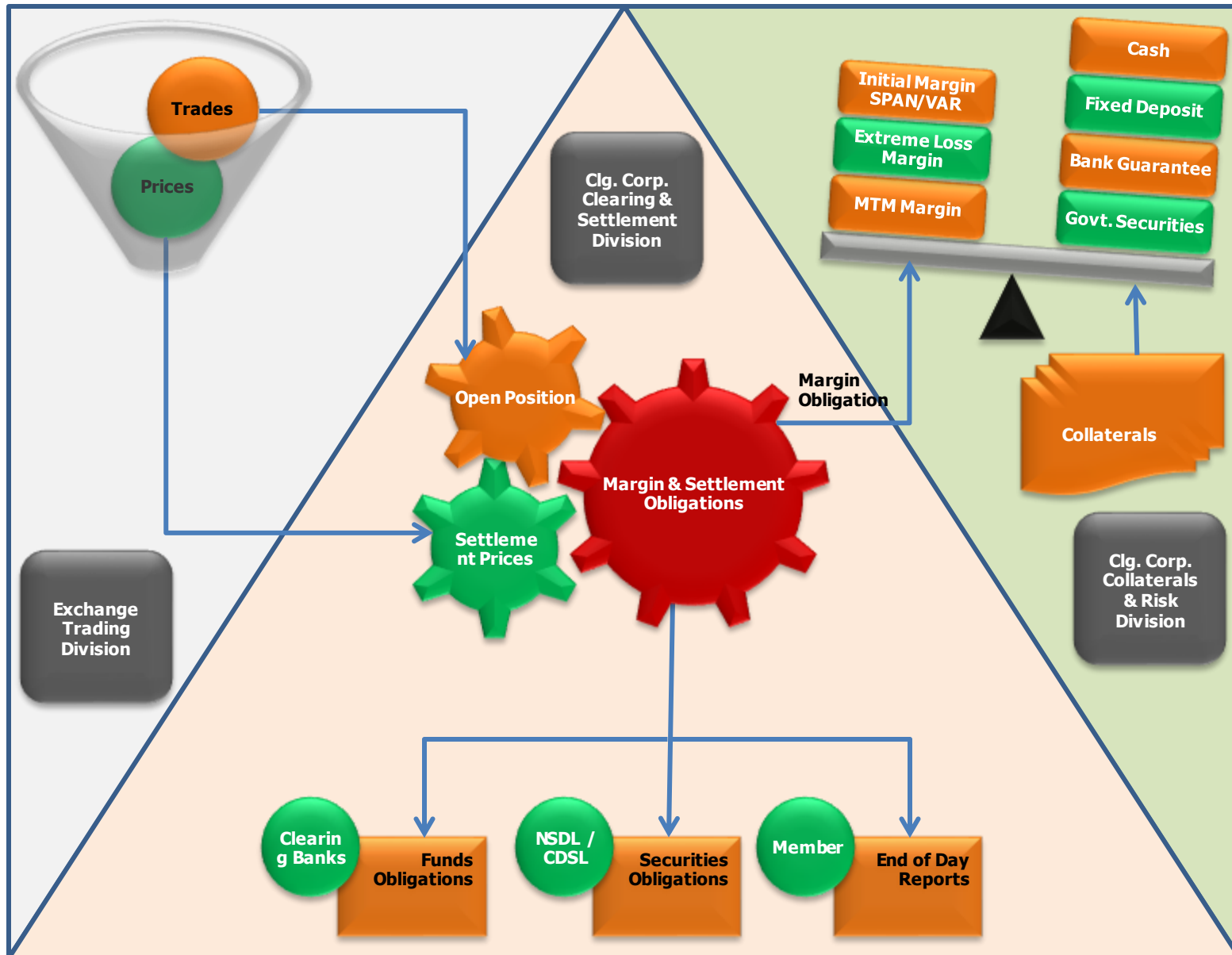
## Regulatory Capital

As per SEBI SECC Regulations 2012:

- 📖 Every applicant seeking recognition as a clearing corporation shall have a minimum networth of one hundred crore rupees
  - MCCIL met this requirement
- 📖 Every recognised clearing corporation shall achieve a minimum networth of three hundred crore rupees within a period of three years from the date of recognition
  - MCCIL is required to achieve the networth requirement of Rs. 300 crore by December 31, 2017



# Snapshot of Core Operations





# Financial Projections

Amount in Rs. crore

Particulars	2015	2016	2017	2018	2019	2020	2021	2022
	Audited	Audited	Audited	Forecast	Forecast	Forecast	Forecast	Forecast
Clearing and Settlement Fees	9.86	6.51	0.67	0.95	2.05	3.81	6.04	9.63
Other Operating Income	4.94	3.70	3.01	3.93	5.98	8.74	12.25	17.00
Other Income	2.71	3.12	5.32	18.95	20.14	21.41	22.76	23.88
<b>Total Income</b>	<b>17.51</b>	<b>13.33</b>	<b>9.01</b>	<b>23.82</b>	<b>28.17</b>	<b>33.96</b>	<b>41.04</b>	<b>50.51</b>
Employee Benefits Expense	3.13	2.17	2.21	2.65	3.18	3.82	4.58	5.50
Shared Service Costs	12.01	8.77	4.20	7.03	7.75	8.52	9.52	11.14
Other Operating Expenses	1.17	1.54	0.97	3.00	3.58	4.28	5.11	6.10
Depreciation	0.16	0.11	0.02	0.00	0.00	0.00	0.00	0.00
<b>Total Expenses</b>	<b>16.48</b>	<b>12.59</b>	<b>7.40</b>	<b>12.69</b>	<b>14.52</b>	<b>16.62</b>	<b>19.21</b>	<b>22.74</b>
<b>PBT</b>	<b>1.04</b>	<b>0.74</b>	<b>1.61</b>	<b>11.14</b>	<b>13.65</b>	<b>17.34</b>	<b>21.83</b>	<b>27.77</b>
Exceptional Item	0.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for Tax	0.00	0.00	0.00	3.21	3.94	5.00	6.30	9.61
<b>PAT (Profit After Tax)</b>	<b>1.38</b>	<b>0.74</b>	<b>1.61</b>	<b>7.93</b>	<b>9.72</b>	<b>12.34</b>	<b>15.54</b>	<b>18.16</b>

**Note:** Financial projections are based on the projected volumes of the MSE and are subject to approval of the MCCIL Board

# Statement of Assets & Liabilities

Amount in Rs. crore

Particulars	2015	2016	2017	2018	2019	2020	2021	2022
	Audited	Audited	Audited	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Equity and Liabilities</b>								
Equity Share Capital	25.00	70.00	93.80	293.80	293.80	293.80	293.80	293.80
Reserves and Surplus	4.56	5.30	6.91	14.84	24.55	36.90	52.43	70.59
<b>Shareholder's Funds</b>	<b>29.56</b>	<b>75.30</b>	<b>100.72</b>	<b>308.64</b>	<b>318.36</b>	<b>330.70</b>	<b>346.24</b>	<b>364.40</b>
<b>Non-Current Liabilities</b>	<b>34.42</b>	<b>36.34</b>	<b>45.31</b>	<b>48.54</b>	<b>49.29</b>	<b>50.38</b>	<b>51.70</b>	<b>55.05</b>
<b>Current Liabilities</b>	<b>51.20</b>	<b>49.61</b>	<b>47.16</b>	<b>59.90</b>	<b>90.51</b>	<b>131.71</b>	<b>184.02</b>	<b>254.74</b>
<b>Total</b>	<b>115.18</b>	<b>161.25</b>	<b>193.19</b>	<b>417.09</b>	<b>458.15</b>	<b>512.79</b>	<b>581.95</b>	<b>674.18</b>
<b>Assets</b>								
<b>Non- Current Assets:</b>								
Fixed Assets	0.18	0.07	0.02	0.02	0.03	0.03	0.02	0.02
Long term Loans and Advances	7.66	9.29	25.56	22.19	18.83	15.46	12.10	8.73
<b>Current Assets:</b>								
Current Investments	42.49	32.10	14.65	33.63	38.40	44.32	51.46	60.09
Cash and Cash Equivalents	59.89	112.99	140.82	354.89	393.91	445.30	509.94	596.07
Short Term Loans and Advances	2.81	0.16	0.15	0.16	0.17	0.17	0.18	0.19
Other Current Assets	2.14	6.64	12.00	6.20	6.82	7.50	8.25	9.07
<b>Total</b>	<b>115.18</b>	<b>161.25</b>	<b>193.19</b>	<b>417.09</b>	<b>458.15</b>	<b>512.79</b>	<b>581.95</b>	<b>674.18</b>

**Note:** Financial projections are based on the projected volumes of the MSE and are subject to approval of the MCCIL Board



## Strengths

SEBI recognition as QCCP; RBI authorization for clearing & settlement of Currency Derivatives and Debt.

ESMA recognition as TC-CCP

Benchmarking with CPSS-IOSCO PFMI; ISO 9001:2008 & ISO/IEC 270001:2013 certified.

Track record of successful completion of all settlements without delay and defaults, since inception.

Pan India presence: 500+ CMs in Equity Segment and 100+ CMs in Derivative Segment.

Profitable since inception.

## Weaknesses

High dependency on holding company for business and capital requirements.

High dependency on one segment for revenues.

Restrictions on listing, distribution of dividends and limited investment avenues.

## SWOT

## Threats

Significantly higher regulatory net-worth requirements (compared to business requirements).

Mandatory interoperability of CCPs.

## Opportunities

Commodity Exchanges turned Stock Exchanges may need services of SEBI recognised Clearing Corporations .

Strategic tie ups with Global Exchanges & Clearing Corporations to setup services in GIFT City.

More and more OTC products are moving to CCP settlement instead of bilateral settlements.

**Thank You**