

CDS STANDARD TERMS

1. General Terms

Fixed Rate Payer	:	CDS Buyer.
Floating Rate Payer	:	CDS Seller.
Initial Payment Date	:	The Business Day immediately following the Trade Date or Two Business Days following the Trade Date, as may be specified in the Transaction Supplement
Effective Date	:	The Fixed Rate Payer Payment Date falling on or immediately prior to the calendar day immediately following the Trade Date.
Upfront Payment Date	:	Initial Payment Date.
Upfront Payment Calculation	:	Market participants may use CDS prices available on agreed market pricing tools or rely on their internal models, wherever applicable, to arrive at the upfront fee amount that is consistent with the standard terms of the CDS contract and is mutually agreeable to both the counterparties
Standard Coupon	:	100 (or) 500 bps.
Quoting Convention	:	Standard premiums for High grade names; Points Upfront for high yield names.
Calculation Agent	:	CDS Seller.
Business Day	:	Mumbai.
Business Day Convention	:	Following Business day.
Obligation Seniority	:	Not Subordinated
Recovery Rate	:	40%
Day Count	:	Actual/365.
Currency	:	INR (Indian Rupee).
Credit Event Backstop	:	Rolling 60 calendar days.
Settlement Method	:	Physical settlement.
Discount Curve	:	Onshore MIBOR OIS curve.

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2. Fixed Rate Payments

Fixed rate payment	:	Standard CDS coupon.
Calculation Amount	:	Notional protection amount.
Fixed Rate Payer Payment Dates	:	Standard IMM Dates (viz. March 20, June 20, September 20, and December 20).
Fixed rate day count	:	Actual/365.
Coupon Rebate Payment	:	Accrued CDS coupon from Previous IMM date to the day immediately prior to Effective Date.
Coupon Rebate Date	:	Initial Payment Date.

3. Floating Rate Payments

Floating rate payment	:	Notional CDS amount (on physical settlement)
Credit Events	:	<ol style="list-style-type: none">1. Bankruptcy.2. Failure to pay (Threshold of INR 10 million or equivalent).3. Restructuring.4. If Financial Reference Entity Terms are specified as applicable in the Transaction Supplement, Governmental Intervention Default Requirement: INR 10,000,000 (or the relevant Obligation Currency Equivalent thereof as of the occurrence of the relevant Credit Event).
Notification of Credit Event	:	Credit Event Notice. Publicly Available Information.

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4. Settlement terms

Settlement method	:	Physical settlement
Deliverable Obligation	:	1. Retail User Transaction: Reference obligation only.
Category and Characteristics	:	2. Market Maker Transaction: Eligible Deliverable obligation (As per the provisions of the MCA).
Physical Settlement period	:	1. Retail User Transaction: Ten (10) Business Days. 2. Market-maker Transaction: Thirty (30) Business Days.
Excluded Deliverable	:	Asset-Backed Securities.
Obligations	:	Mortgage-Backed Securities. Guarantees. Convertible Obligations/Exchangeable Obligations.

Note: As per the provisions of the Master Confirmation Agreement (MCA), "User Transaction" refers to transactions if one of the parties is a Retail User. If neither party is a Retail User, then each transaction shall constitute a "Market-maker Transaction", including transactions where one of the parties is a Non-Retail User.

4. Reporting

1. Market-makers shall report all OTC CDS transactions within 30 minutes of the transaction, to the trade repository of Clearing Corporation of India Ltd. (CCIL).
2. Market-makers shall report all unwinding, novation, settlement transactions, and any credit, substitution or succession event to the trade repository of CCIL.

5. Valuation

Banks have to adopt their own method of valuation, as approved by their internal valuation or any other appropriate committee, based on externally available rates or internal models or any hybrid combination or trader marks etc., suitably validated internally.

FIMMDA and market participants would work closely to evolve an appropriate valuation methodology.

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