



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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FINANCIAL MARKETS REGULATION DEPARTMENT
Notification No. FMRD.DIRD.XX /XX.XX.XXX/2020-21 dated December 4, 2020

Draft Call, Notice and Term Money Markets (Reserve Bank) Directions, 2020

In exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 (hereinafter called the Act) read with section 45U of the Act and in supersession of Section I of the Directions No. [FMRD. Master Direction No. 2/2016-17 dated July 07, 2016](#) and [FMRD.DIRD.09/14.01.001/2018-19 dated October 29, 2018](#), the Reserve Bank of India (hereinafter called the Reserve Bank) hereby issues the following Directions to all entities / agencies eligible to deal in call, notice and term money markets.

1. Short title and commencement:

- (a) These Directions shall be called the Call, Notice and Term Money Markets (Reserve Bank) Directions 2020.
- (b) These Directions shall come into force with effect from *<a specified date>*.

2. Definitions:

- (a) For the purpose of these Directions, unless the context otherwise requires:

- (i) **Bank** means a banking company as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949) or a “corresponding new bank” or “State Bank of India” as defined in clause (da) and clause (nc) respectively thereof and includes a “cooperative bank” as defined in clause (cci) of Section 5 read with Section 56 of the said Act.
- (ii) **Call money** means borrowing or lending in unsecured funds on overnight basis.



(iii) **Capital Funds** shall have the meaning assigned in the applicable capital regulations issued by Department of Regulation of the Reserve Bank as amended from time to time and shall be calculated as per the latest audited balance sheet.

(iv) **Electronic Trading Platform (ETP)** shall have the meaning assigned in paragraph 2 (1) (iii) of the [Electronic Trading Platform \(Reserve Bank\) Directions, 2018 dated October 05, 2018](#) or as modified from time to time.

(v) **Fortnight** shall have the meaning assigned under Section 42 of the Reserve Bank of India Act, 1934.

(vi) **Net Owned Fund** shall have the meaning assigned under Section 45-IA (7) of the Reserve Bank of India Act, 1934.

(vii) **Non-Banking Financial Company (NBFC)** shall have the definition assigned in Section 45 I (f) of the Reserve Bank of India Act, 1934.

(viii) **Notice money** means borrowing and lending in unsecured funds for tenors up to and inclusive of 14 days excluding overnight borrowing/lending.

(ix) **Over-the-Counter (OTC) markets** refers to markets where transactions are undertaken in any manner other than on exchanges and shall include those undertaken on electronic trading platforms (ETPs).

(x) **Payment Banks** means banks licensed in terms of the Reserve Bank [Guidelines for Licensing of Payments Banks dated November 27, 2014](#) as amended from time to time.

(xi) **Regional Rural Bank** shall have the definition assigned under clause (ja) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949).

(xii) **Scheduled bank** means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934.

(xiii) **Small Finance Banks** means banks licensed in terms of the Reserve Bank [Guidelines for Licensing of Small Finance Banks dated November 27, 2014](#), as amended from time to time.

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(xiv) Primary Dealer (PD) means a Non-Banking Financial Company (NBFC) that holds a letter of authorisation as a Primary Dealer issued by the Reserve Bank, in terms of the "Guidelines for Primary Dealer in Government Securities Market" dated March 29, 1995, as amended from time to time.

(xv) Term Money means borrowing and lending in unsecured funds for period exceeding 14 days and up to one year.

(b) Words and expressions used but not defined in these Directions shall have the meaning assigned to them in the Reserve Bank of India Act, 1934.

3. Participants

The following entities shall be eligible to participate in the call, notice and term money market, both as borrowers and lenders:

- (a)** Scheduled Commercial Banks;
- (b)** Payment Banks;
- (c)** Small Finance Banks;
- (d)** Regional Rural Banks;
- (e)** State Co-operative Banks, District Central Co-operative Banks and Urban Co-operative Banks (hereinafter Co-operative Banks); and
- (f)** Primary Dealers.

4. Prudential Limits

(a) Borrowings in the call and notice money markets by eligible participants shall be subject to prudential limits, as set out in Table 1. Eligible participants may, with the approval of their respective Boards (or equivalent bodies), fix separate internal limits within the prudential limits for borrowing and lending in the call/notice money market.

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Table 1: Prudential Limits Applicable to Call and Notice Money Market Borrowing		
Sr. No.	Participant Category	Prudential Limit
1.	Scheduled Commercial Banks, Payment Banks, Small Finance Banks and Regional Rural Banks	(i) 100% of capital funds, on a daily average basis in a reporting fortnight, and (ii) 125% of capital funds on any given day.
2.	Co-operative Banks	(i) 2.0% of aggregate deposits as at the end of the previous financial year.
3.	Primary Dealers	(i) 225% of Net Owned Fund (NOF) as at the end of previous financial year.

(b) The internal limits so arrived at by the eligible participants shall be conveyed to the Clearing Corporation of India Ltd. for setting of limits in the NDS-CALL system, under advice to Financial Markets Regulation Department (FMRD), Reserve Bank of India, (e-mail: reportfmd@rbi.org.in)

5. General Guidelines

- (a) **Interest Rates:** Eligible participants are free to decide on interest rates in the call, notice and term money markets.
- (b) **Trading venue:** Call, notice and term money transactions can be executed in Over-the-Counter (OTC) markets, including on the NDS-CALL platform or any other ETP approved for the purpose by the Reserve Bank.
- (c) **Market timings:** The market timing for call, notice and term money transactions shall be from 9:00 AM to 5:00 PM on each business day or as specified by the Reserve Bank from time to time.
- (d) **Market practices and documentation:** Eligible participants shall follow standard market practices, methodologies and documentation prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA), in consultation with RBI, from time to time.

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6. Cancellation and Termination

- (a) A call, notice or term money transaction shall, normally, not be cancelled.
- (b) A term money transaction can be terminated before maturity at a mutually agreed price.
- (c) Any cancellations or terminations shall be reported as set out in paragraph 7 of these Directions.

7. Reporting requirements

- (a) All call, notice and term money transactions shall be reported to the NDS-CALL platform within 15 minutes of execution (the time when price is agreed), by each party to the transaction, or, by the concerned ETP, as the case may be. For this purpose, all participants in the call, notice and term money market shall obtain membership of NDS-CALL platform. Participants who are not members of NDS-CALL on the date these Directions come into effect will have a period of three months from that date for obtaining such membership.
- (b) Transactions executed on the NDS-CALL platform need not be separately reported.
- (c) Any cancellation or termination of call, notice and term money transactions shall be reported to the NDS-CALL platform within 15 minutes of cancellation by each party to the transaction or by the concerned ETP, as the case may be.
- (d) In case of any misreporting or repeated reporting of OTC deals by a party, the same should be immediately brought to the notice of Clearing Corporation of India Limited and also to Financial Markets Regulation Department, Reserve Bank of India, Central Office, Fort, Mumbai, either through email (reportfmd@rbi.org.in), or through fax.

8. Obligation to provide information sought by the Reserve Bank: The Reserve Bank may call for any information or seek any clarification from eligible participants in the call, notice and term money markets which in the opinion of the Reserve Bank is relevant and the participant shall furnish such additional information and clarification.

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9. Dissemination of data: Reserve Bank of India or any other agency authorised by the Reserve Bank, may publish any anonymised data related to transactions in call, notice and term market.

10. Violation of Directions: Reserve Bank may disallow any entity that has violated any of these Directions from participating in the call, notice and term money market for a period not exceeding one month at a time after providing reasonable opportunity to the entity to defend its actions. Any such action will be made public by the Reserve Bank.

11. These Directions shall apply to call, notice and term money transactions entered into from the date the Directions come into effect. Existing Directions will continue to be applicable to transactions undertaken in accordance with the said Directions till the expiry of those contracts.

(Dimple Bhandia)
Chief General Manager

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