

ANNEXURE II

TENDER FORM FOR REVERSE REPO AUCTION

The Chief General Manager
Internal Debt Management Cell
Reserve Bank of India
Mumbai.

Tender's RRC S.G.L. A/c.
No. with Securities. _____
Department

Tenderer's Current
A/c. No. with D.A.D. _____

Dear Sir,

**Tender for Reverse Repurchase Agreements (Reverse Repo)
Auction to be held on _____ by Reserve Bank of India**

I/We* the undersigned hereby submit tender as set out below for the sale of Government of India dated securities/eligible Treasury Bills to you on _____ with the undertaking that the same securities will be purchased back from you on _____.

1.	Name of the tenderer & Address	
2.	Amount bid*	Rs. _____ crore
3.	Reverse Repo Rate per cent per annum (up to two decimal points rounded off to the nearest 5 basis points)	
4.	Telephone No.	
5.	Fax No.	

*Indicates the nominal amount bid for, against tender of securities.

Undertaking

On your acceptance of my/our* tender,

1. I/we* agree and undertake to avail the liquidity support, if successful in the auction, in the form of reverse repo.
2. I/we* also authorize the Reserve Bank of India to be our custodian, to hold the securities in their Reverse Repo Constituents' SGL Account, and to credit/debit my/our Current Account and Reverse Repo Constituents' SGL Account (on repurchase by us) based on our application form.

3. I/we* also authorise the Reserve Bank of India to collect the coupon if any on the due dates on my/our behalf and credit the same to my/our current account.
4. I/we* also agree and undertake to collect the Acceptance-cum-Offer Confirmation Advice from Reserve Bank of India, Mumbai Office (DAD) as soon as the results are announced and lodge the SGL Account transfer form for the sale in the manner and on the day/time indicated therein.
5. I/We agree that the Reserve Bank of India shall not be held responsible for any loss, damage or liability on account of acting as the Custodian of our securities. I/We also agree that I/We shall indemnify and keep indemnified the Reserve Bank of India at all times against any loss, damage or liability whatsoever arising out of acting as Custodian of our securities as above.
6. I/We have also submitted another bid(s)/not submitted any other bids* for the auction.

Terms and conditions

I/We* have read the terms and conditions for the auction and undertake to abide by them.

Yours faithfully,

- i) Signature of official authorised to operate on SGL/Current Account _____
- ii) Name _____
- iii) Designation _____
- iv) Office stamp of the tenderer _____

*: Strike out whichever is not applicable.

TERMS AND CONDITIONS FOR REVERSE REPO AUCTIONS

1. Auctions for liquidity support in the form of reverse repo on “uniform price” basis will be conducted by the Reserve Bank of India at Mumbai on all working days except Saturdays.
2. All transferrable Government of India dated securities, treasury bills (except 14-day bills) will be the eligible securities for reverse repo auctions.
3. Bids will be accepted for a minimum amount of Rs.10 crore and in multiples of Rs.5 crore.
4. All scheduled commercial banks excluding Regional Rural Banks (RRBs) and Primary Dealers having SGL and Current Accounts with Reserve Bank of India, Mumbai will be eligible to participate in the reverse repo auctions.
5. Bids should be submitted in the prescribed form on the date of auction in sealed covers indicating “Reverse Repo Auction” on the top of the envelope addressed to the Chief General Manager, Internal Debt Management Cell, 16th Floor, Reserve Bank of India, Central Office, Mumbai-400 001 and deposited in the box kept at the reception of the building for the purpose before 11.00 a.m.
6. Single or multiple bids at different rates are permissible; separate tender form should be submitted for each bid.
7. The reverse repo rate in percent per annum expected by the tenderer should be expressed up to two decimal points rounded off to the nearest 5 basis points.
8. The repo will be conducted as ‘Hold-in-Custody’ type of repo. A constituents’ SGL Account called “Reverse Repo Constituents’ SGL Account” will be opened with Reserve Bank of India as a custodial account. Securities held in Reverse Repo Constituents’ SGL Account will be transferred to RBI’s Subsidiary Account during the repo period. Tenderers will have the option to hold securities transferred from Main SGL Account, in this Account, to facilitate ease of operation.
9. For the purpose of Hold-in-Custody repos, the applicants will have to authorise RBI to transfer securities from/to custodial accounts by debiting/crediting their accounts based on their application/bid form. They will also authorise RBI to provide for cash flow adjustments and for transferring coupons to the party. All banks/PDs will have to authorise the RBI to accordingly credit/debit their Current accounts and Repo Constituents’ SGL Accounts as the case may be. Accrued interest on the securities will be ignored for the purpose of pricing of the security. RBI will collect the coupon if any on the due dates and credit the same to the party’s Current Account in the case of reverse repo.

10. On the basis of the tenders received, RBI will determine the cut off rate up to which bids will be accepted.

11. There will be margins for the Government of India dated securities and eligible treasury bills and the amount of securities to be offered or tendered on acceptance of a bid for Rs.100 will be Rs.105.00, in terms of Face Value.

12. The successful tenderer's Current Account with RBI will be credited as per the current procedure under reverse repo facility. The tenderer's Reverse Repo Constituents' SGL Account/ Main SGL Account will be debited simultaneously. On the expiry of the repo period the tenderer's Reverse Repo Constituents' SGL Account/ Main SGL Account will be credited and Current Account will be debited as per the date, amount and rate of interest indicated as the case may be. For instance, in a reverse repo auction where bid amount accepted is Rs.500 crore at a cut off rate of 6.55 per cent the calculations of inflow of cash in the first leg and outflow of cash in the second leg will be as under:

Leg 1: Tenderer's Current Account	Cr. Rs.500 Cr.
Tenderer's RRC SGL Account	Dr. Rs.525 Cr. (Amt.of bid x 105/100)

Leg 2: Tenderer's RRC SGL Account	Cr. Rs.525 Cr
Tenderer's Current Account	Dr. Rs.500,08,97,260
	(Amt of.bid + 1 day's interest at 6.55 per cent)

13. Securities held by Reserve Bank of India on behalf of banks in the Repo Constituents' SGL Account will be counted for SLR purpose. However, securities transferred to RBI under reverse repos will not be counted for SLR purposes. As a custodian of securities, the Securities Department of the Reserve Bank of India will issue Constituents' SGL balance certificates, which would give details on total loan-wise securities held in the Repo Constituents' SGL Account as on any date.

14. The settlement of transactions in the auction will take place on the same day. But for the intervening holidays, the reverse repo auctions will be for one day except on Fridays when the auction will be for three days or more, maturing on the following working day.

15. The results of the auction will be announced through the Press Relations Division by 1.00 p.m. and the same would also be displayed at Mumbai Office, RBI, Main Building, Fort, Mumbai 400001.

16. Tenderer should check for himself/herself the result of the auction and if successful, collect the acceptance cum deal confirmation advice from Securities Department, RBI, Fort, Mumbai 4000 01 before 2.30 p.m.

17. It will be binding on the successful bidders in the auction to accept the allotted amount in full at the rate emerging in the auction. If the successful bidders do not honour the allotment, they will be subject to penal action, to the extent of debarring from participating in the auctions for a period of one year.

18. Any irregular utilization of the facility would be subject to higher interest charge and the amount drawn down would be required to be repaid forthwith. The Reserve Bank reserves the right to accept or reject any or all the tenders wholly or partially, if deemed fit, without assigning any reason.

19. Reserve Bank of India shall not be held responsible for any loss, damage or liability on account of acting as the Custodian on behalf of the participants.