Annex D

PDR III Return - Format

Statement of Capital Adequacy - Quarter ended -
Name of the Primary Dealer :
Statement - 1 (Summary)

(i)	Total of Risk Weighted Assets(RWA) for Credit Risk (Annex I)	Rs.
(ii)	(a) Tier I Capital funds (after deductions) (b) Tier II Capital funds eligible (c) Total of available Tier I & II capital funds	Rs. Rs. Rs.
(iii)	Minimum credit risk capital required i.e. **(i)** x 15 per cent	Rs.
(iv)	Excess of Tier I & II capital funds available For market risk capital charge i.e. **(ii)** (c) – **(iii)**	Rs.
(v)	The Market Risk capital charge worked out as the higher of the amounts under the Standardised method and the one as per Internal Risk Management (VaR) Model (Appendices II and III)	Rs.
(vi)	Capital funds available to meet **(v)** i.e: excess of Tier I and Tier II as at **(iv)** above, ***Plus*** eligible Tier III capital funds [maximum up to 250 % of surplus Tier I capital]	Rs.
(vii)	***Over all Capital Adequacy***	
	(a) Total RWA for credit risk i.e. **(i)**	Rs.
	(b) Capital charge for market risk i.e. **(v)**	Rs.
	(c) Numerical Link for **(b)** = i.e.(reciprocal of credit risk capital ratio of 15%)	6.67
	(d) Risk Weighted Assets relating to Market Risk i.e. **(b)** x **(c)**	Rs.
	(e) Total Risk Weighted Assets i.e. **(a)** + **(d)**	Rs.
	(f) Minimum capital required i.e. **(e)** x 15%	Rs.
	(g) Total Capital funds available i.e. **(ii)** + **(vi)**	Rs.
	(h) **less** : Capital funds prescribed by other regulators/ licensors e.g. SEBI/ NSE/ BSE/OTCEI	Rs.
	(i) Net capital funds available (**g – h**) for PD business	Rs.
(viii)	Surplus Tier III Capital funds, if any	Rs.
(ix)	Capital Adequacy Ratio (CRAR) % **(i / e) * 100**	

Following Appendices are to be sent along with the PDR III Return*:

Appendix I - Details of the various on-balance sheet and off-balance sheet items, the risk weights assigned and the risk adjusted value of assets have to be reported in this format. The format enclosed is purely illustrative. PDs are required to adhere to the guidelines on activities permitted to be undertaken by PDs while diversifying business activities.

Appendix II - Details of the market risk charge using the standardised model are required to be reported in the format enclosed.

Appendix III - Details of market risk using the internal model should be reported as per the format enclosed.

Appendix IV - Details of back-testing results for the previous quarter, giving the details of VaR predicted by the model, the actual change in the value of the portfolio and the face value of the portfolio should be reported.

Appendix V - Details of stress testing, giving details of the change in the value of the portfolio for a given change in the yield, should be reported in the format enclosed.

** The above Appendices (in printable form) may be sent by e-mail to "pdrsidmc@rbi.org.in"*

Appendix I

CREDIT RISK

A. BALANCE SHEET ITEMS

	FUNDED RISK ASSET	BOOK VALUE Rupees	RISK WEIGHT %	RISK ADJ VALUE
I.	Cash balances and balances in current account with RBI		0%	
II.	Amount lent in call/ notice money market and balances in current account with banks		20%	
III.	Investments			
	(a) Government securities		0%	
	Approved securities guaranteed by Central / State governments other than at (e) below		0%	
	(b) Fixed deposits, Bonds and Certificates of Deposit of banks, PDs and public Financial Institutions as specified by DBOD		20%	
	(c) Bonds issued by banks / PDs / public financial Institutions (as specified by DBOD) as Tier II capital		100%	
	(d) Shares of all companies and debentures / bonds / commercial papers of companies other than in (b) above/ units of mutual funds		100%	
	(e) Securities of Public sector Undertakings guaranteed by Central / State Govts. but issued outside the market borrowing programme *Note: In case where the guarantee has been invoked and the concerned state government has remained in default, PDs should assign 100% risk weight.*		20%	
	(f) Securities of and other exposures on PDs in the Government Securities market including bills rediscounted		100%	

IV. Current Assets

(a)	Inter-corporate deposits	100%
(b)	Loans to staff	100%
(c)	Other secured loans and advances considered good	100%
(d)	Others (to be specified)	100%

V. Fixed Assets (net of depreciation)

(a)	Assets leased out	100%
(b)	Fixed Assets	100%

VI. Other assets

(a)	Income-tax deducted at source (net of provision)	0%
(b)	Advance tax paid (net of provision)	0%
(c)	Interest due on Government securities	0%
(d)	Others (to be specified and risk weight indicated as per the counter party)#	X%

AA. TOTAL RISK-WEIGHTED BALANCE SHEET ASSETS

B. OFF-BALANCE SHEET ITEMS

FUNDED RISK ASSET	BOOK VALUE Rupees	CREDIT CONV FACTOR %	RISK WEIGHT %	RISK ADJ VALUE
i. Share/ debenture/ auction stock underwritten				
- Government/ any exposure guaranteed by Government		50%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		50%	20%	
- PDs in the Government securities market		50%	100%	
- All others		50%	100%	
ii. Partly-paid shares/ debentures including actual devolvement and other securities				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- PDs in the Government securities market		100%	100%	
- All others		100%	100%	
iii. Notional Equity/Index Positions underlying the equity derivative		100%	100%	
iv. Repurchase agreements where the credit risk remains with the PD				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- PDs in the Government securities market		100%	100%	
- All others		100%	100%	
v. Other contingent liabilities/ commitments like standby				
- Government/ any exposure guaranteed by Government		50%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		50%	20%	
- PDs in the Government securities market		50%	100%	
- All others		50%	100%	
vi. Interest Rate swaps				
Original maturity of less than 1 year		0.5%	100%	
Original maturity of 1 year and above but less than 2 years		1%	100%	
Original maturity of 2 years and above but less than 3 years		2%	100%	
Original maturity of 3 years and above but less than 4 years		3%	100%	
Original maturity of 4 years and above but less than 5 years		4%	100%	
Original maturity of 5 years and above but less than 6 years		5%	100%	
Original maturity of 6 years and above but less than 7 years		6%	100%	
(Every additional year - CCF increases by 1%)				

VII. Foreign Exchange Forward Contract

Original maturity of less than 1 year$	2%	20-100%
Original maturity of more than 1 year and less than 2 years$	5%	20-100%

(Every additional year – CCF increases by 3%)

$ Risk depends on the counter party

Note: Cash margins/ deposits should be deducted before applying the credit conversion factor

BB. TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS

CC. TOTAL RISK-WEIGHTED BALANCE SHEET & OFF-BALANCE SHEET ASSETS

Appendix II

PDR-III Quarterly Return

Statement 3

MARKET RISK CAPITAL STATEMENT
(Correlations i.e. appreciation not recognized)

(i) Standardised Method

A. Interest rate Instruments & Equity /Equity like instruments

INSTRUMENT	Maturity Date	POSITION (FV)	BOOK PRICE	BOOK VALUE	MODIFIED DURATION	DURATION BUCKET	ZONE	YIELD	ASSUMED CHANGE IN YIELD (bps)	CHANGED YIELD	CHANGED PRICE	CHANGE IN PRICE	MARKET RISK CHARGE
(Including equity positions) (1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total of A													
B. Unhedged Foreign Exchange Position													**15%**
Total (A+B)													

	Position (Marked to Market value)	Market Risk Measure (15% of the position)
B. Unhedged Foreign Exchange Position		

C. Asset items subjected to flat charge of 15% for market risk measurement

Memo items:

Items of assets which, with the approval of RBI, have been classified as investment items and not subjected to market risk measure:

	Asset	Book Value	MTM/NAV
1.			
2.			
3.			

Appendix III

VaR Calculation

Details of the VaR calculation - for the last 60 days				
	Total			
Date	Portfolio Value (Rs.)	VaR (Rs.) one day	VaR with holding period	VaR with holding period as a Percentage of portfolio
(a) Average of 60 day Var (with holding period)				
(b) 3.3 times the 60 day average VaR (with holding period)				
(c) Last day's VaR				
(d) Market Risk Measure (higher of (b) and (c) above)				

Appendix IV

Back Testing of VaR Model

For the last 250 trading days

Backtesting Report as part of PDR III for Quarter ended _______________

	Actual	Hypothetical
No of observations (excluding holidays)	250	250
No of failures ie no of times VaR underpredicted the actual trading/ hypothetical MTM losse	0	0

DATE WISE BACKTESTING RESULTS Rs Crore

Srno	Date	1 day VaR Entire Portfolio Rs. crs	Mkt Value Entire Portfolio	Mkt Value Next Day Same Portfolio	Difference Rs. crs	Failure (Y/N)	Actual P/(L) Rs. crs	Failure (Y/N)
1								
2								
3								
4								
.								
.								
.								
.								
.								
250								

The daily VaR preceding holidays should be upscaled by the square root of number of intervening holidays. For example, if the Friday is followed by 2 holidays, then the one VaR figure for Friday should be multiplied by square root of 2.

Appendix V

Details of Stress Testing

		STRESS TEST AS ON:	
Name of the PD:			
ASSETS (All tradable interest rate related assets)			
		MTM Value (Rs. Crore)	**Weighted Average Mod. Duration (years)**
1	G-Secs and T-Bills		
2	Corporate/PSU/FI Bonds		
3	Receiving leg in respect of FRA/IRS		
4	Other tradable interest rate instruments		
Total MTM value of assets (Va)			
Weighted Average Mod. Duration of the assets (Da)			
LIABILITES (excluding NOF)			
		MTM Value (Rs. Crore)	**Weighted Average Mod. Duration (years)**
1	Net borrowing Call, notice & term money		
2	Net borrowing in Repo (including LAF of RBI)		
3	Net Borrowing through CBLO		
4	Borrowing through ICDs		
5	Borrowing through CPs		
6	Borrowing through Bond issuances		
7	Credit lines from banks/FIs		
8	Paying leg in respect of FRA/IRS		
9	Other tradable interest rate liabilites		
Total MTM value of liabilities (Vl)			
Weighted Average Mod. Duration of Liabilites (Dl)			

Mod. Duration of NOF (Dn) = (Va*Da - Vl*Dl)/(Va-Vl)	

Percentage change in NOF = (-) Dn*Change in interest rates (1%)	

Change in NOF = (-) Dn* Change in Interest rates (1%)*NOF	

Other details:		
Net interest income in the current year so far		
Trading profits/loss in the current year so far		
Unrealised MTM (Net gain/loss on cash positions)		
Unrealised MTM (Net gain/loss on derivative positions)		
Other income, if any (Details to be specified) ***		
NOF deployed in fixed income and related instruments		
Total NOF (Break-up to be furnished)		

Note: NOF should be determined as per the definition prescribed in this regard. The MTM gains or losses should be adjusted in the NOF.

*****Details of Other Income**

Capital funds of the firm as on the date of stress test

(Rs.in crore)

i. Tier I captial	
ii. Tier II Capital	
iii. Tier III Capital	

iv. **Details of Deductions**		
	investment in subsidiaries	
	intangible assets	
	losses in current accounting period	
	deferred tax assets	
	losses brought forward from previous accounting periods	
	Capital funds prescribed by other regulator	
v. **Net total capital funds**		

less

vi. change in NOF due to one percent increase in yields	

vii. **Net capital funds available after providing for change in NOF**	

viii. Risk-weighted assets for the credit risk of the firm	
ix. Risk-weighted assets for the market risk of the firm	
x. **Total risk-weighted assets**	

xi. **Capital adequacy ratio as on the date of stress test** (vii/x)	