



Illustrative examples for accounting of GSL transactions¹

A. Accounting for a sample GSL transaction

Security lent under GSL transaction	7.26% GS 2033
Date of Issue	06 February 2023
Coupon payment days	06 February and 06 August
Price of security (clean price)	₹ 101.5
Settlement date of the GSL transaction - first leg	Jun 12, 2023
GSL fee in % percentage terms	3.00%
Tenor of borrowing	4 days
Settlement date of the GSL transaction - second leg	Jun 16, 2023
Broken period interest for the first leg*	$7.26\% \times 126/360 \times ₹100 = ₹2.54$
Consideration for the first leg^^	$₹101.5 + ₹2.54 = ₹104.04$
GSL fee in ₹ terms ^	$₹104.04 \times (4/365) \times 3\% = 0.034$
* Using 30/360 day count convention	
^ Using actual /365 day count convention	
^^ Haircut is not considered in this illustration (Refer para 8(2) – Haircut/margin shall be as decided by the central counter party settling the transaction)	

1. Accounting for Borrower of Securities

First Leg

	Debit	Credit
GSL-Borrowed Securities A/c	104.04	
GSL-Repayable Securities A/c		104.04
GSL-Collateral Receivable A/c	104.04	
GSL-Collateral Placed A/c		104.04

Second Leg

	Debit	Credit
GSL fee Expenditure A/c	0.034	
Cash		0.034
GSL-Borrowed Securities A/c		104.04
GSL-Repayable Securities A/c	104.04	
GSL-Collateral Receivable A/c		104.04
GSL-Collateral Placed A/c	104.04	

¹ The values used in the examples are for illustrative purpose only. Actual values may vary depending upon the risk management practice of the central counter party.



2. Accounting for lender of securities

First leg

	Debit	Credit
GSL-Lent Securities A/c		104.04
GSL-Receiveable Securities A/c	104.04	
GSL-Collateral Repayable A/c		104.04
GSL-Collateral Received A/c	104.04	

Second Leg

	Debit	Credit
GSL fee Income A/c		0.034
Cash	0.034	
GSL-Lent Securities A/c	104.04	
GSL-Receiveable Securities A/c		104.04
GSL-Collateral Repayable A/c	104.04	
GSL-Collateral Received A/c		104.04

3. Ledger entries for the memorandum accounts

GSL-Borrowed Securities A/c

Debit		Credit	
To GSL-Repayable Securities A/c (GSL transaction 1 st leg)	104.04	By GSL-Repayable Securities A/c (GSL transaction 2 nd leg)	104.04

GSL-Repayable Securities A/c

Debit		Credit	
To GSL-Borrowed Securities A/c (GSL transaction 2 nd leg)	104.04	By GSL-Borrowed Securities A/c (GSL transaction 1 st leg)	104.04

GSL-Lent Securities A/c

Debit		Credit	
To GSL-Receiveable Securities A/c (GSL transaction 2 nd leg)	104.04	By GSL-Receiveable Securities A/c (GSL transaction 1 st leg)	104.04

GSL-Receiveable Securities A/c

Debit		Credit	
To GSL-Lent Securities A/c (GSL transaction 1 st leg)	104.04	By GSL-Lent Securities A/c (GSL transaction 2 nd leg)	104.04



GSL-Collateral Receivable A/c

Debit		Credit	
To GSL-Collateral Placed A/c (GSL transaction 1 st leg)	104.04	By GSL-Collateral Placed A/c (GSL transaction 2 nd leg)	104.04

GSL-Collateral Placed A/c

Debit		Credit	
To GSL-Collateral Receivable A/c (GSL transaction 2 nd leg)	104.04	By GSL-Collateral Receivable A/c (GSL transaction 1 st leg)	104.04

GSL-Collateral Repayable A/c

Debit		Credit	
To GSL-Collateral Received A/c (GSL transaction 2 nd leg)	104.04	By GSL-Collateral Received A/c (GSL transaction 1 st leg)	104.04

GSL-Collateral Received A/c

Debit		Credit	
To GSL-Collateral Repayable A/c (GSL transaction 1 st leg)	104.04	By GSL-Collateral Repayable A/c (GSL transaction 2 nd leg)	104.04

B. Treatment on an intervening Balance sheet date – a sample entry

Security	05.85% GS 2030
First leg consideration	₹98.5
GSL fee	3%
Date of first leg	26-Mar
Balance sheet date	31-Mar
Date of second leg	02-Apr

a) Entries in the Books of borrower of securities on 31-Mar

Account Head	Debit	Credit
GSL fee Expenditure A/c [Balances under the account to be transferred to P & L]	0.049 ^{^^} (being the GSL fee for 6 days)	
GSL fee payable A/c		0.049

$$^{\wedge}\wedge 98.5 * 3\% / 365 * 6 = 0.049$$

Account Head	Debit	Credit
P & L A/c	0.049	
GSL fee expenditure A/c		0.049



b) Reversal of entries in the Books of borrower of securities on 01-Apr

Account Head	Debit	Credit
GSL fee payable A/c	0.049	
GSL fee expenditure A/c		0.049

c) Entries in books of lender of securities on 31-Mar

Account Head	Debit	Credit
GSL fee receivable A/c	0.049	
GSL fee income A/c [Balance under the account to be transferred to P & L]		0.049 (being the GSL fee for 6 days)

Account Head	Debit	Credit
GSL fee income A/c	0.049	
P & L A/c		0.049

d) Reversal of entries in the Books of lender of securities on 01-Apr

Account Head	Debit	Credit
GSL fee income A/c	0.049	
GSL fee receivable A/c		0.049