

## **Ready Forward Contracts**

IDMC.No.PDRS/ 4240 /10.02.01/2001-02

March 26, 2002

### **All Primary Dealers and Satellite Dealers in the Government Securities Market**

Dear Sirs,

#### **Ready Forward Contracts**

In terms of the Notification No.S.O.185 (E) dated 1st March 2000 issued by Reserve Bank of India under powers derived under section 29A of the Securities Contracts (Regulation) Act, 1956, ready forward contracts in all Government Securities put through Subsidiary General Accounts with Reserve Bank of India, in accordance with terms and conditions specified by Reserve Bank of India, were permitted. The terms and conditions were specified by Reserve Bank of India vide its circular no.IDMC.3346/10.02.01/99-2000 dated March 7, 2000.

2. In supersession of the instructions contained in the above referred circular dated March 7, 2000, it is advised that the terms and conditions subject to which ready forward contracts (including reverse ready forward contracts) may be entered into, will be as under:

- (a) Ready Forward contracts may be undertaken only in i) Dated Securities and Treasury Bills issued by Government of India and ii) Dated Securities issued by State Governments.
- (b) Ready forward contracts in the securities specified at (a) above may be entered into by a banking company, a co-operative bank or any person maintaining a Subsidiary General Ledger account with Reserve Bank of India, Mumbai.
- (c) Such ready forward contracts shall be settled through the Subsidiary General Ledger Accounts of the participants with Reserve Bank of India or through the Subsidiary General Ledger Account of the Clearing Corporation of India Ltd with Reserve Bank of India, and
- (d) No sale transaction shall be put through without actually holding the securities in the portfolio.

3. These terms and conditions will be the relevant terms and conditions specified by Reserve Bank of India under the notification No. S.O. 185(E) dated 1/3/2000 issued under (powers derived under ) Section 29A of SCRA 1956.

4. Please acknowledge receipt.

Yours faithfully,

**(Usha Thorat)**