

Reporting of Call/Notice Money Market Transactions on NDS Platform

REF: No. MPD. BC.235/07.01.279/ 2002-03

April 29, 2003
Vaishakha 9, 1925(S)

To

All Scheduled Commercial Banks (excluding Regional Rural Banks), Co-operative Banks, Primary Dealers, All-India Financial Institutions and select Mutual Funds

Dear Sirs,

Reporting of Call/Notice Money Market Transactions on NDS Platform

Please refer to Paragraph 96 of the Governor's statement on Monetary and Credit Policy for the year 2003-04 enclosed with his letter No. MPD. BC. 230/07.01.279/2002-03 dated April 29, 2003 (copy of the paragraph enclosed).

2. It may be recalled that at present, all deals in government securities, call/notice/term money, Certificates of Deposit (CDs) and Commercial Paper (CP) executed among Negotiated Dealing System (NDS) members are to be reported automatically through NDS, if the deal is done on NDS and within 15 minutes of concluding the deal, if done outside NDS.

3. With a view to improving transparency and strengthening efficiency in the market, it has been decided that from the fortnight beginning May 3, 2003, it would be mandatory for all NDS members to report all their call/notice money market deals on NDS. Deals done outside NDS should be reported within 15 minutes on NDS, irrespective of the size of the deal or whether the counterparty is a member of the NDS or not.

4. In case, there is repeated non-reporting of deals by an NDS member, it will be considered whether non-reported deals by that member should be treated as invalid with effect from a future date.

5. Full compliance with the reporting requirement on NDS will be reviewed in September 2003.

Kindly acknowledge receipt.

Yours faithfully,
(D. Anjaneyulu)
Principal Monetary Policy Adviser

Encl.: as above

**Extract from Governor's Statement on Monetary and Credit Policy
for the year 2003-04**

(b)Reporting of Call/Notice Money Market Transactions on NDS Platform

96. Negotiated dealing system (NDS), which has become operational since February 2002, enables on-line dealing and dissemination of trade information relating to instruments in money, government securities and foreign exchange markets. Membership in NDS is open to all institutions which are members of INFINET and are maintaining subsidiary general ledger (SGL) Account with RBI. These include banks, financial institutions (FIs), primary dealers (PDs), insurance companies, mutual funds and any other institution as admitted by RBI. At present, all deals in government securities, call/notice/term money, CDs and CP executed among NDS members have to be reported automatically through NDS, if the deal is done on NDS and within 15 minutes of concluding the deal, if done outside NDS. However, it has been observed that a very sizeable proportion of daily call/notice money market deals is not reported by members on NDS as stipulated. With a view to improving transparency and strengthening efficiency in the market, it is proposed that:

- From the fortnight beginning May 3, 2003, it would be mandatory for all NDS members to report all their call/notice money market deals on NDS. Deals done outside NDS should be reported within 15 minutes on NDS, irrespective of the size of the deal or whether the counterparty is a member of the NDS or not.
- Full compliance with the reporting requirement to NDS will be reviewed in September 2003. In case there is repeated non-reporting of deals by an NDS member, it will be considered whether non-reported deals by that member should be treated as invalid with effect from a future date.