

RBI/2004-05/200
IDMD. PDRS. 05 /03.64.00/2004-2005

October 1, 2004

All Primary Dealers in Government Securities Market

Dear Sir,

Master Circular – Operational Guidelines to Primary Dealers

As you are aware, the Reserve Bank of India has, from time to time, issued a number of guidelines/instructions/circulars to the Primary Dealers (PDs) in regard to their operations in the Government securities market. To enable the PDs to have current instructions at one place, a Master Circular incorporating the existing guidelines/instructions/directives on the subject has been prepared and is appended. This Master Circular is a compilation of all the instructions contained in the circulars issued by RBI on the above subject, which are operational as on date of this circular. It may however be noted that the guidelines on Risk Management and Capital Adequacy have not been covered in this circular as exclusive and detailed guidelines have been issued vide our circular No. IDMD.PDRS.01/03.64.00/2003-04 dated January 7, 2004 and as amended from time to time.

2. Please acknowledge receipt.

Yours faithfully,

(B. Mahapatra)
Chief General Manager-in-Charge

Encl : As above

Master Circular for Operations of Primary Dealers

Table of Contents

- 1. General**
- 2. Support to primary issues of Government Securities**
- 3. Operations - Source of Funds**
- 4. Investment Guidelines**
- 5. Prudential systems/controls**
- 6. Trading of Government Securities on Stock Exchanges**
- 7. Business through brokers**
- 8. Norms for Ready Forward Transactions**
- 9. Portfolio Management Services**
- 10. Interest Rate Derivatives**
- 11. Investment in non-Government Securities**
- 12. Guidelines on declaration of dividends**

Annexes:

- I. Publication of Financial Results**
- II. Statements>Returns required to be submitted by Primary Dealers**
- III. List of circulars consolidated**

1. General

1.1 Introduction

In 1995, the Reserve Bank of India (RBI) introduced a system of Primary Dealers (PDs) in Government securities market with the objective of strengthening the infrastructure in the Government securities market, developing underwriting and market making capabilities for Government securities, improving the secondary market trading system and making PDs an effective conduit for Open Market Operations (OMO). PDs are expected to play an active role in the Government securities market both in its primary and secondary segments. Since then, the Reserve Bank of India have, from time to time, issued a number of guidelines/instructions/circulars to PDs in regard to matters relating to their operation in the Government securities market as detailed below:

1.2. PDs' role and obligations

PDs are required to have a standing arrangement with RBI based on the execution of an undertaking each year. The major roles and obligations of PDs are as below:

- i. **Support to Primary Market:** PDs are required to support auctions for issue of Government dated securities and Treasury Bills as per the minimum norms for bidding commitment and success ratio prescribed by RBI from time to time.
- ii. **Market making in Government securities:** PDs should offer firm two-way quotes in Government securities, through the Negotiated Dealing System, over the counter telephone market and through recognised Stock Exchanges in India and take principal positions in the secondary market for Government securities.
- iii. PDs should maintain minimum capital standards at all points of time as prescribed by RBI.
- iv. PDs should achieve minimum turnover ratio of 5 times for Government dated securities and 10 times for Treasury Bills of the average month-end stocks (turnover ratio computed as the ratio of total purchase and sales

during the year in the secondary market to average month-end stocks) in the secondary market for Government dated securities and Treasury Bills.

- v. PDs' operations are subject to all prudential and regulatory guidelines issued by RBI.

1.3. Facilities from RBI to PDs

The Reserve Bank currently extends the following facilities to PDs to enable them to effectively fulfill their obligations:

- i. Access to Current Account facility with RBI.
- ii. Access to Subsidiary General Ledger (SGL) Account facility (for Government securities) with RBI.
- iii. Permission to borrow and lend in the money market including call money market and to trade in all money market instruments.
- iv. Access to Liquidity Adjustment Facility (LAF) of RBI.
- v. Access to liquidity support from RBI under a scheme separately notified.

The facilities are however subject to review, depending upon the market conditions and evolution.

The detailed guidelines stipulating inter-alia, the eligibility criteria, role, obligations and procedure for authorization are contained in "Guidelines to Primary Dealers in the Government Securities Market" dated January 1, 2002 (Refer to RBI website www.rbi.org.in).

2. PD System support to primary issues of Government securities

Concomitant with the objectives of PD system, the PDs are expected to support the primary issues of the dated securities of Central Government and State Government and Treasury Bills of Central Government, through underwriting the dated securities and meeting the bidding commitments and success ratios. The related guidelines are as under:

2.1. Underwriting of Dated Government Securities

- i. On announcement of the notified amount for dated securities of the Central Government and the State Governments for which auction is

held, RBI may invite PDs to collectively bid to underwrite up to 100 per cent of the notified amount in respect of any of such issues.

- ii. A PD can bid to underwrite up to 30% of the notified amount of the issue. If two or more issues are floated on the same day the limit of 30% is applied by taking the notified amounts separately.
- iii. The total amount offered for underwriting by a PD on any single day should not exceed five times of its net owned funds.
- iv. Bids will be tendered by PDs within the stipulated time, indicating both the amount of the underwriting commitments and underwriting commission rates. A PD can submit multiple bids for underwriting.
- v. Depending upon the bids submitted for underwriting, the RBI will decide the cut-off rate of commission and the underwriting amount up to which bids would be accepted and inform the PDs.
- vi. RBI reserves the right to accept any amount of underwriting up to 100 per cent of the notified amount or even reject all the bids tendered by PDs for underwriting, without assigning any reason.
- vii. In case of devolvement, PDs would be allowed to set-off the accepted bids in the auction against their underwriting commitment accepted by the Reserve Bank. Devolvement of securities, if any, on PDs will take place on pro-rata basis, depending upon the amount of underwriting obligation of each PD after setting off the successful bids in the auction.
- viii. Underwriting commission will be paid on the amount accepted for underwriting by the RBI, irrespective of the actual amount of devolvement, by credit to the current account of the respective PDs at the RBI, Fort, Mumbai, on the date of relative security auction.

2. 2. Bidding in Primary auctions

- i. Each PD will individually commit, at the beginning of the year, to submit bids for a minimum amount (aggregative on an annual basis) in Government of India dated securities auctions and for a fixed percentage of the notified amount of Treasury Bills in each auction.

- ii. The minimum bidding commitment amount / percentage for each PD will be determined by the Reserve Bank, in consultation with the PD. While finalising the bidding commitments, the RBI will take into account the net owned funds (NOF), the offer made by the PD, its track record and its past adherence to the prescribed success ratio in respect of Government dated securities and Treasury Bills. The amount/percentage of minimum bidding commitment so determined by the Reserve Bank will remain unchanged for the entire financial year or till the conclusion of agreement on bidding commitments for the next financial year, whichever is later.
- iii. If any PD in any auction of Treasury Bills, fails to submit the required minimum bid or submits a bid lower than its commitment, the Reserve Bank will reduce assured liquidity support to the extent of shortfall/ failure in submission of bids for a period of three months from the date so specified by the Reserve Bank.
- iv. A PD would be required to achieve a minimum success ratio of 40 percent of the amount of bids for dated securities auctions and 40 percent of bidding commitment for Treasury Bills auctions on an annual basis.
- v. The success ratio requirement of 40 percent of bidding commitment in respect of Treasury Bills auctions will be monitored on a half yearly basis. A PD is required to achieve the minimum level of success ratio in each half year (April to September and October to March) separately.

2.3 Sale of securities allotted in Primary issues / OMO on the same day

2.3.1 PDs successful in the auctions of Government dated securities and Treasury Bills, may enter into contracts for sale of the allotted securities in accordance with the following terms and conditions:

- i. Sale deal can be entered into only once by the allottee on the basis of authenticated allotment advice issued by RBI. The seller should make suitable noting /stamping on the allotment advice indicating the sale contract number etc. the details of which should be intimated to the buyer.
- ii. The face value of securities sold should not exceed the face value of the securities indicated in the allotment advice.

- iii. The sale contract can be entered into only between entities having SGL accounts with RBI and settled through CCIL.
- iv. Separate record of such sale deals should be maintained containing details such as number and date of allotment advice, description and the face value of securities allotted, the purchase consideration, the number, the date of delivery and face value of securities sold, sale consideration, the date and details of actual delivery, transaction ID No. etc. This record will be made available to RBI for verification when required.
- v. The services of brokers should not be used for such sale contracts.
- vi. PDs will be responsible for any failure of contracts due to securities not being credited to their SGL Account on account of non-payment/bouncing of cheques etc.
- vii. Any sale of securities allotted in primary auctions, in terms of this permission, should only be on basis of permitted settlement cycles (presently T+0 or T+1 settlement basis).
- viii. This type of sale transactions should be subjected to concurrent audit and the relative report should be placed before the CEO. Instances of deviations reported by concurrent auditor, if any, should also be reported to Internal Debt Management Department (IDMD), RBI.

2.3.2 No sale transaction should be contracted in respect of the securities purchased from Reserve Bank of India through open market operations, prior to receiving the confirmation of the deal/advice of allotment from the Reserve Bank.

3. Primary Dealers operations - Sources of funds

3.1 PDs should have net owned funds (NOF) of a minimum of Rs. 50 crore. PD's investments in Government securities/Treasury Bills from its own funds should be at least Rs 50 crore at all times.

3.2 PDs are permitted to borrow funds from call/notice money market and repo market. They are also eligible for liquidity support from RBI. The funds raised from call/notice/repo markets (on net basis) and also the funds obtained by

availing liquidity support from RBI, should necessarily be invested in Government securities/Treasury Bills.

3.3 PDs are allowed to borrow from call/notice market, on average in a reporting fortnight, up to 200 percent of their net owned funds (NOF) as at the end March of the preceding financial year.

3.4 PDs may lend up to 25 percent of their NOF in call/notice market. The limit will be determined by PDs on an average basis during a 'reporting fortnight'.

3.5. These limits on borrowing and lending are subject to periodical review by Reserve Bank of India

3.6 Liquidity Support from RBI

3.6.1 Under the existing scheme of liquidity support to PDs, the quantum of liquidity support (against the collateral of Central Government securities) available to PDs will be based on the bidding commitment and other parameters as given below. The scheme is reviewed each year and the norms are subject to changes by the RBI.

- i. Approximately 75 percent of the total assured liquidity support will be provided on the basis of bidding commitments. The ratio for dated securities to Treasury Bills will be 3:1.
- ii. 25 percent of the total assured liquidity support will be distributed on the basis of primary and secondary market performance in the ratio of 2:3.
- iii. The total assured liquidity support would be subject to maximum of thrice the net owned funds of the respective PD. For application of this clause, in order to bring in uniformity, net owned funds as on March 31 of the preceding year, certified by the Statutory Auditors will be considered. In case the accounts as on the above date are not finalized, the figures as per the latest audited balance sheet will form the base.

3.6.2 The liquidity support to PDs will be made available at the 'reverse repo rate' announced by Reserve Bank.

3.6.3 The liquidity support availed by a PD will be repayable with-in a period of 90 days. The penal rate of interest payable by PDs if liquidity support is repaid beyond 90 days is Bank Rate plus 5 percentage points.

3.7 Inter-Corporate Deposits:

3.7.1 Inter-Corporate Deposits (ICD) may be raised by Primary Dealers sparingly and should not be used as a continuous source of funds. After proper and due consideration of the risks involved, the Board of Directors of the PD should lay down the policy in this regard, which among others should include the following general principles:

- i. While the ceiling fixed on ICD borrowings should in no case exceed 50% of the Net Owned Funds (NOF) of the PD, it is expected that actual dependence on ICDs would be much below this ceiling.
- ii. ICDs accepted by PDs should be for a minimum period of one week.
- iii. ICDs accepted from parent/promoter/group companies or any other related party should be on "arms length basis" and disclosed in financial statements as "related party transactions".
- iv. Funds raised through ICDs are subject to ALM discipline.

3.7.2 PDs are prohibited from placing funds in ICD market.

3.8 FCNR (B) loans /External Commercial Borrowings:

3.8.1 PDs may avail of FCNR(B) loans up to a maximum of 25% of the NOF and subject to the foreign exchange risk of such loans being hedged at all times at least to the extent of 50 per cent of the exposure.

3.8.2. PDs are not permitted to raise funds through External Commercial Borrowings.

4. Investment Guidelines

4.1 Investment policy – PDs should frame and implement investment and operational policy guidelines on securities transactions which should be approved by their Boards. The guidelines should contain the broad objectives to be followed while undertaking transactions in securities on their own account and on behalf of clients, clearly define the authority to put through deals, and lay down procedure to be followed while putting through deals, various prudential exposure limits, policy regarding dealings through brokers, systems for

management of various risks, guidelines for valuation of the portfolio and the reporting systems etc. Operational procedures and controls in relation to the day-to-day business operations should also be worked out and put in place to ensure that operations in securities are conducted in accordance with sound and acceptable business practices. While laying down these guidelines, the PDs should strictly observe Reserve Bank's instructions, issued from time to time. The effectiveness of the policy and operational guidelines should be periodically evaluated.

4.2. PDs should not put through any sale transaction without actually holding the security in its portfolio. However sale of a Government security already contracted for purchase is permitted provided:

- i. The purchase contract is confirmed prior to the sale,
- ii. The purchase contract is guaranteed by Clearing Corporation of India Ltd (CCIL) or the security is contracted for purchase from the Reserve Bank, and
- iii. The sale transaction will settle either in the same settlement cycle as the preceding purchase contract, or in a subsequent settlement cycle so that the delivery obligation under the sale contract is met by the securities acquired under the purchase contract

4.3. PDs should necessarily hold their investments in Government securities portfolio in either SGL (with RBI) or a gilt account (with a scheduled commercial bank/State Cooperative Bank/PD/FI or SHCIL) or in a dematerialised account with depositories (NSDL/CDSL). Only one gilt account can be opened by any PD for this purpose. In case this gilt account is not with NSDL/CDSL, additional gilt account is permitted with NSDL/CDSL to enable the PD to settle the trades in government securities concluded on exchanges. All purchase/sale transactions in Government Securities by PDs should be compulsorily through SGL/CSGL/Demat accounts.

4.4. PDs should make fresh investments and hold Commercial Papers, bonds and debentures, privately placed or otherwise, only in dematerialised form. They should hold all their investments in equity instruments by December 31, 2004 as

well as make fresh investments in equity instruments only in dematerialized form by December 31, 2004.

4.5 All securities transactions (including transactions on account of clients) should be subjected to concurrent audit by internal/external auditors to the extent of 100% and the results of the audit should be placed before the CEO/CMD of the PD once every month. The compliance should be monitored on ongoing basis and reported directly to the top management. The concurrent audit should also cover the business done through brokers and include the findings in their report.

4.6 All problem exposures, which are not backed by any security or backed by security of doubtful value, should be fully provided for. Where a PD has filed suit against another party for recovery, such exposures should be evaluated and provisions made to the satisfaction of auditors. Any claim against the PD should also be taken note of and provisions made to the satisfaction of auditors.

4.7 The profit and loss account should reflect the problem exposures if any, and also the effect of valuation of portfolio, as per the instructions issued by the Reserve Bank, from time to time. The report of the statutory auditors should contain a certification to this effect.

4.8 PDs should formulate, within the above parameters, their own internal guidelines on securities transactions in both primary and secondary markets, with the approval of their Board of Directors.

4.9 PDs should publish their audited annual results in leading financial dailies and on their website in the format prescribed (**Annex I**). The following minimum information should also be included by way of notes to the Balance Sheet: -

- i. Net borrowings in call (average and peak during the period),
- ii. Basis of valuation,
- iii. Leverage Ratio (average and peak),
- iv. CRAR (quarterly figures), and
- v. Details of the issuer composition of non-Government securities investments.

PDs may also furnish more information by way of additional disclosures.

4.10 Supervision by RBI

4.10.1 Off-site supervision: PDs are required to submit prescribed periodic returns to RBI promptly. The current list of such returns, their periodicity, etc. is furnished in **Annex II**.

4.10.2 On-site inspection: RBI will have the right to inspect the books, records, documents and accounts of an authorised PD. PDs are required to make available all such documents, records, etc. to the RBI inspectors and render all necessary assistance.

4.11 Any change in the shareholding pattern of a PD needs prior approval of RBI. PDs should report any other material changes such as business profile, organization, etc. affecting the conditions of licensing as PD to RBI immediately. PDs should bring to the RBI's attention any major complaint against it or action initiated/taken against it by authorities such as the Stock Exchanges, SEBI, Central Bureau of Investigation, Enforcement Directorate, Income Tax, etc.

4.12 PDs are expected to become members of Primary Dealers Association of India (PDAI) and Fixed Income Money Market and Derivatives Association (FIMMDA) and abide by the code of conduct framed by them and such other actions initiated by them in the interest of the securities market.

5. Prudential systems/controls

5.1. Internal Control System in respect of securities transactions

- i. All the transactions put through by the PD either on outright basis or ready forward basis should be reflected on the same day in its books and records i.e. preparation of deal slip, contract note, confirmation of the counter party, recording of the transaction in the purchase/sale registers, etc.
- ii. With the approval of their Board of Directors, PDs should place appropriate exposure limits / dealing limits, for each of their counter parties which cover all dealings with such counter parties including Money market, Repos and outright Securities transactions. These limits should

be reviewed periodically on the basis of financial statements, market reports, ratings, etc. and exposures taken only on a fully collateralized basis where there is slippage in the rating/assessment of any counterparty.

- iii. With the approval of their Boards, PDs should put in place reasonable leverage ratio for their operations, which should take into account all outside borrowings as a multiplier of their net owned funds.
- iv. There should be a clear functional separation of (i) trading (front office) (ii) risk management (mid office), and (iii) settlement, accounting and reconciliation (back office). Similarly, there should be a separation of transactions relating to own account and constituents' accounts.
- v. For every transaction entered into, the trading desk should generate a deal slip which should contain data relating to nature of the deal, name of the counter-party, whether it is a direct deal or through a broker, and if through a broker, name of the broker, details of security, amount, price, contract date and time and settlement date. The deal slips should be serially numbered and controlled separately to ensure that each deal slip has been properly accounted for. Once the deal is concluded, the deal slip should be immediately passed on to the back office for recording and processing. For each deal, there must be a system of issue of confirmation to the counter-party. The timely receipt of requisite written confirmation from the counter-party, which must include all essential details of the contract, should be monitored by the back office.
- vi. Once a deal has been concluded, there should not be any substitution of the counter-party by the broker. Similarly, the security sold/purchased in a deal should not be substituted by another security under any circumstances.
- vii. On the basis of vouchers passed by the back office (which should be done after verification of actual contract notes received from the broker/counter-party and confirmation of the deal by the counter party), the Accounts wing should independently write the books of account.

- viii. PDs should periodically review securities transactions and report to the top management, the details of transactions in securities, details of funds/securities delivery failures, even in cases where shortages have been met by CCIL.

5.2. Purchase/Sale of securities through SGL transfer forms.

With the commissioning of Negotiated Dealing System (NDS), all PDs are expected to be the members of NDS and conclude/report all outright and repo transactions on NDS and clear/settle them through CCIL as central counter-party. In such cases where exceptions have been permitted to tender physical SGL transfer forms, following guidelines should be followed:

- i. Records of all SGL transfer forms issued/received should be maintained and a system for verification of the authenticity of the SGL transfer forms received from the counter-party and confirmation of authorised signatories should be put in place.
- ii. Under no circumstances, a SGL transfer form issued by a PD in favour of a counter-party should bounce for want of sufficient balance in the SGL/Current Account. Any instance of return of SGL form from the Public Debt Office of the Reserve Bank for want of sufficient balance in the account should be immediately brought to the notice of the PD's top management and reported to RBI with the details of transactions.
- iii. SGL Transfer forms received by purchasing PDs should be deposited in their SGL Accounts immediately. No sale should be effected by way of return of SGL form held by the PD.
- iv. SGL transfer form should be in a standard format prescribed by the Reserve Bank and printed on semi-security paper of uniform size. They should be serially numbered and there should be a control system in place to account for each SGL form.

5.3. Bank Receipt or similar receipt should not be issued or accepted by the PDs under any circumstances in respect of transactions in Government securities.

5.4. PDs must offer two-way quotes in select securities in fulfillment of their obligations towards market-making as also to support retailing of Government securities.

5.5. Accounting Standards for securities transactions

- i. PDs should adopt the practice of valuing all securities in their trading portfolio on mark to market basis, at appropriate intervals.
- ii. Costs such as brokerage fees, commission or taxes, incurred at the time of acquisition of securities, should immediately be recognised and treated as part of the cost of acquisition of the security.
- iii. Broken period interest paid to seller as part of cost on acquisition of Government and other securities should not be capitalised but treated as an item of expenditure under Profit and Loss Account. The PDs may maintain separate adjustment accounts for the broken period interest.
- iv. The valuation of the securities portfolio should be independent of the dealing and operations functions and should be done by obtaining the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA) periodically.

5.6. Reconciliation of holdings of Govt. securities etc.

Balances as per PDs books should be reconciled at least on monthly intervals with the balances in the books of PDOs. If the number of transactions so warrant, the reconciliation should be undertaken at more frequent intervals. This reconciliation should be periodically checked during audit.

5.7. Transactions on behalf of Constituents:

- i. The transactions on behalf of constituents and the operations in the Constituent SGL accounts should be conducted in accordance with the guidelines issued by RBI on the Constituent SGL accounts.
- ii. All transaction records should give a clear indication that the transaction belongs to constituents and does not belong to PDs own account.
- iii. The PDs should be circumspect while acting as agent of their clients for carrying out transactions in securities on behalf of clients.

- iv. PDs should not use the constituents' funds or constituents' assets for proprietary trading or for financing of another intermediary's operations.
- v. PDs who act as custodians (i.e. CSGL account holders) and offer the facility of maintaining gilt accounts to their constituents, should not permit settlement of any sale transaction by their constituents unless the security sold is actually held in the gilt account of the constituent.

5.8. Failure to complete delivery of security/funds in an SGL transaction -

Any default in delivery of security / funds in an SGL sale /purchase transaction undertaken by a PD will be viewed seriously. A report on such transaction even if completed through the securities/funds shortage handling procedure of CCIL, must be submitted to Internal Debt Management Department, Reserve Bank of India immediately. The occurrence of third default in a period of 6 months (April - September and October-March) in funds and/or securities delivery will result in debarment of the PD for period of 6 months from the third occurrence, from trading with the use of SGL facility. If after restoration of the facility, any default occurs again, the PD will be debarred permanently from the use of SGL facility.

6. Trading of Government Securities on Stock Exchanges

6.1 With a view to encouraging wider participation of all classes of investors, including retail in Government securities, trading in Government securities through a nationwide, anonymous, order driven screen based trading system on stock exchanges, in the same manner in which trading takes place in equities has been permitted. Accordingly trading of dated Government of India securities in dematerialized form is allowed on automated order driven system of the National Stock Exchange (NSE) of India, The Stock Exchange Mumbai (BSE) and the Over the Counter Exchange of India (OTCEI). This trading facility is in addition to the reporting/trading facility in the Negotiated Dealing System. Being a parallel system, the trades concluded on the exchanges will be cleared by their respective clearing corporations/clearing houses. The trades of PDs should be settled either directly with clearing corporation/clearing house (in case they are clearing members) or through clearing member custodian.

6.2 PDs are expected to play an active role in providing liquidity to the Government securities market and promote retailing. They may, therefore, make full use of proposed facility to distribute Government securities to all categories of investors through the process of placing and picking-up orders on the exchanges. PDs may open demat accounts with a Depository Participant (DP) of NSDL/CDSL in addition to their accounts with RBI. Value free transfer of securities between SGL/CSGL and demat accounts would be enabled by PDO-Mumbai subject to guidelines issued by Department of Government and Bank Accounts (DGBA) in this behalf separately.

6.3 Operational Guidelines

- i. PDs should take specific approval from their Board to enable them to trade in the Stock Exchanges.
- ii. PDs may undertake transactions only on the basis of giving and taking delivery of securities.
- iii. Brokers/trading members shall not be involved in the settlement process; all trades have to be settled either directly with clearing corporation/clearing house (in case they are clearing members) or else through clearing member custodians.
- iv. The trades done through any single broker will also be subject to the current regulations on transactions done through brokers (please see para 7.1).
- v. At the time of trade, securities must be available with the PDs either in their SGL or in the demat account.
- vi. Any sale on T+2 basis on the Stock Exchanges should not be covered by a purchase concluded/reported on the NDS (even on T+0) and subsequent transfer from SGL account to their demat account for effecting deliveries. Any purchase transactions by PDs should similarly be subject to availability of clear funds in their settlement accounts at the time of pay- in.

- vii. Any settlement failure on account of non-delivery of securities/ non-availability of clear funds will be treated as SGL bouncing and the current penalties in respect of SGL transactions will be applicable. Stock Exchanges will report such failures to the respective Public Debt Offices.
- viii. PDs who are trading members of the Stock Exchanges may have to put up margins on behalf of their non-institutional client trades. Such margins are required to be collected from the respective clients. PDs are not permitted to pay up margins on behalf of their client trades and incur overnight credit exposure to their clients. In so far as the intra day exposures on clients for margins are concerned, the PDs should be conscious of the underlying risks in such exposures.
- ix. PDs who intend to offer clearing /custodial services should take specific approval from SEBI in this regard. Similarly, PDs who intend to take trading membership of the Stock Exchanges should satisfy the criteria laid down by SEBI and the Stock Exchanges.

7. Business through brokers

7.1. Business through brokers and contract limits for approved brokers -

PDs may undertake securities or derivative transactions among themselves or with clients through the members of the BSE, NSE and OTCEI. A disproportionate part of the business should not be transacted through only one or a few brokers. PDs should fix aggregate contract limits for each of the approved brokers. A limit of 5%, of total transactions (both purchase and sales) entered into by a PD during a year should be treated as the aggregate upper contract limit for each of the approved brokers. However, if for any reason it becomes necessary to exceed the aggregate limit for any broker, the specific reasons therefor should be recorded and the Board should be informed of this, post facto.

7.2. With the approval of their top management, PDs should prepare a panel of approved brokers, which should be reviewed annually, or more often if so warranted. Clear-cut criteria should be laid down for empanelment of brokers,

including verification of their creditworthiness, market reputation, etc. A record of broker-wise details of deals put through and brokerage paid, should be maintained.

7.3. The brokerage on the deal payable to the broker, if any (if the deal was put through with the help of a broker), should be clearly indicated on the notes/memorandum put up seeking approval for putting through the transaction, and separate account of brokerage paid, broker-wise, should be maintained.

7.5. The role of the broker should be restricted to that of bringing the two parties to the deal together. Settlement of deals between PDs and counter-parties should be directly between the counter-parties and the broker will have no role in the settlement process.

7.6. While negotiating the deal, the broker is not obliged to disclose the identity of the counter-party to the deal. On conclusion of the deal, he should disclose the counter-party and his contract note should clearly indicate the name of the counter-party.

8. Norms for Ready-forward transactions

Primary Dealers are permitted to participate in Ready Forward (Repo) market both as lenders and borrowers. The terms and conditions subject to which ready forward contracts (including reverse ready forward contracts) may be entered into by PDs will be as under:

- i. Repos may be undertaken only in i) dated securities and Treasury Bills issued by the Government of India and ii) dated securities issued by the State Governments.
- ii. Repos may be entered into only with scheduled commercial banks, other PDs, NBFCs, mutual funds, housing finance companies or insurance companies, provided they hold either an SGL account with RBI or a Gilt account with a custodian.
- iii. A PD may not enter into a repo with its own constituent or facilitate a repo between two of its constituents.

- iv. PDs should report all repos transacted by them (both on own account and on the constituent's account) on the Negotiated Dealing System (NDS). All repos shall be settled through the SGL Account/CSGL Account maintained with the RBI, Mumbai, with the Clearing Corporation of India Ltd (CCIL) acting as the central counter party.
- v. Securities acquired under a reverse repo cannot be traded/sold/further repoed before the reversal date.
- vi. The purchase/sale price of the securities in the first leg of a repo should be in alignment with the proximate market rates prevalent on the date of transaction.
- vii. Repo transactions, which are settled under the guaranteed settlement mechanism of CCIL, may be rolled over, provided the security prices and repo interest rate are renegotiated on roll over.
- viii. 'The Global Master Repos Agreement' on repos, with suitable schedules, as proposed by FIMMDA may be entered into by PDs with their counter parties to repos transactions.

9. Portfolio Management Services by PDs

9.1. PDs may offer Portfolio Management Services (PMS) to their clients under the SEBI scheme of PMS, subject to the following conditions. Before undertaking PMS, the PD must have obtained the Certificate of Registration as Portfolio Manager from the SEBI and also a specific approval from the RBI.

- i. PMS cannot be offered to any RBI regulated entity. However advisory services can be provided to them with suitable disclaimers.
- ii. Where applicable, the clients regulated by any other authority should obtain clearance from the regulatory or any other authority before entering into any PMS arrangement with the PD.
- iii. PDs are required to comply with the SEBI (Portfolio Managers) Regulations, 1993 and any amendments issued thereto or instructions issued there under.

9.2. In addition, PDs should adhere to the under noted conditions:

- i. A clear mandate from the PMS clients should be obtained and the same strictly followed. In particular, there should be full understanding on risk disclosures, loss potential and the costs (fees and commissions) involved.
- ii. PMS should be entirely at the customer's risk without guaranteeing, either directly or indirectly, any return.
- iii. Funds/securities, each time they are placed with the PD for portfolio management, should not be accepted for a period less than one year.
- iv. Portfolio funds should not be deployed for lending in call/ notice/term money/Bills rediscounting markets, badla financing or lending to/ placement with corporate/non-corporate bodies.
- v. Client-wise accounts/records of funds accepted for management and investments made there against should be maintained and the clients should be entitled to get statements of account at frequent intervals.
- vi. Investments and funds belonging to PMS clients should be kept segregated and distinct from each other and from those of the PD. As far as possible, all client transactions should be executed in the market and not off-set internally, either with the PD or any other client. All transactions between the PD and any PMS client or between two PMS clients, if any when necessary, should be strictly at market rates.

10. Guidelines on interest rate derivatives

10.1 PDs are permitted to undertake transactions in both specified OTC and Exchange Traded Interest Rate Derivatives (IRDs).

10.2 OTC Derivatives

PDs may undertake transactions in Forward Rate Agreements (FRA) and Interest Rate Swaps (IRS) for their own balance sheet management or for market making purposes in terms of Monetary Policy Department (MPD) circular MPD.BC.187/07.01.279/1999-2000 dated July 7,1999. The guidelines contained in that circular should be strictly observed. It is however not necessary for the PDs to get the prudential limits on swap positions vetted from IDMD so far as their respective boards have duly approved these limits.

10.3 Exchange Traded Derivatives:

10.3.1 PDs can transact only in interest rate futures on notional bonds and T-Bills both for hedging the risk in their underlying investment portfolio and trading position. PDs desirous of transacting in IRDs on the stock exchanges should formulate the policy, framework and appropriate risk control measures which their respective Boards should approve before they undertake trades in interest rate futures on the stock exchanges. PDs should take specific approval from their Board covering, inter alia, the products that they may transact, size/composition of the investment portfolio intended to be hedged, clear demarcation of trading portfolio from that of hedging portfolio, organizational set-up to monitor, rebalance, report, account and audit such transactions. Further, it is desirable that derivative desks are created within the Treasury and the management level responsibility clearly assigned.

10.3.2 Stock exchange regulation: PDs desirous of taking trading membership of the Stock Exchanges should satisfy the membership criteria and also comply with the regulatory norms laid down by SEBI and the respective stock exchanges (BSE/NSE). Those not seeking membership of Stock Exchanges can transact IRDs through approved F & O members of the exchanges.

10.3.3 Settlement:

As trading members of the F&O segment, PDs should settle their derivative trades directly with the clearing corporation/clearing house. PDs participating through approved F & O members shall settle proprietary trades as a participant clearing member or through approved professional / custodial clearing members. Broker / trading members of stock exchanges cannot be used for settlement of IRD transactions.

10.3.4 Hedging positions

- i. Eligible underlying: For the present, only the interest rate risk inherent in the portfolio of Government securities can be hedged. For this purpose, the securities intended to be hedged must be identified and carved out for monitoring purposes.

- ii. Hedge criteria: IRD transactions undertaken on the exchanges shall be deemed as hedge transactions, if and only if,
 - a. The hedge is clearly identified with the underlying Government securities in the investment portfolio.
 - b. The effectiveness of the hedge can be reliably measured.
 - c. The hedge is assessed on an ongoing basis and is “highly effective” throughout the period.
- iii. Hedge Effectiveness: The hedge will be deemed to be “highly effective” if at inception and throughout the life of the hedge, changes in the marked-to-market value of the hedged items with reference to the marked-to-market value at the time of the hedging are “almost fully offset” by the changes in the marked-to-market value of the hedging instrument and the actual results are within a range of 80% to 125%. If changes in the marked-to-market values are outside the 80% to 125% range, then the hedge would not be deemed to be highly effective.

The hedged portion of the investment portfolio should be notionally marked-to-market, at least at monthly intervals, for evaluating the efficacy of the hedge transaction.

10.3.5 Trading positions:

Primary Dealers may hold trading positions in exchange traded IRDs subject to the following prudential regulations:

- i. Construction of trading portfolio: The trading portfolio of the participants comprising IRS, FRAs, exchange traded IRDs etc. should be clearly demarcated from that of the hedging portfolio.
- ii. Interest rate sensitivity of trading portfolio: The interest rate derivatives should be split into basic building blocks and PV01 / VaR limits on the trading portfolio of interest rate derivatives (comprising OTC as well as exchange traded) be approved by the ALCO. For the purpose, the floating rate leg of MIFOR linked swaps should be adjusted against the gap limits and the fixed leg included in the rupee trading positions. ALCO should

also consider placing similar limits on the composition of trading positions comprising balance sheet and off balance sheet products.

10.3.6 Accounting Standards:

The Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI) is in the process of developing a comprehensive Accounting Standard covering various types of financial instruments including accounting for trading and hedging. However, as the formulation of the Standard is likely to take some time, the Institute has brought out a Guidance Note on Accounting for Equity Index Futures as an interim measure. Till ICAI comes out with a comprehensive Accounting Standard, PDs may follow the above guidance note mutatis mutandis for accounting of exchange traded IRDs also.

10.3.7 Accounting for Hedging Positions:

The following norms will apply in relation to hedging positions of PDs.

- i. If the hedge is “highly effective”, the gain or loss on the hedging instruments and hedged portfolio may be set off and any net gain / loss treated as per the accounting practice adopted for the investment portfolio.
- ii. If the hedge is not found to be "highly effective", no set off will be allowed and the underlying securities will be marked to market as per the accounting practices adopted for the portfolio.
- iii. A hedge may be temporarily rendered as not “highly effective”. Under such circumstances, the relevant futures position will be deemed as a trading position. All deemed trading positions should be marked to market as a portfolio on a daily basis and losses should be provided for and gains, if any, should be ignored for the purpose of Profit & Loss Account. PDs should strive to restore their hedge effectiveness at the earliest.
- iv. Any gains realized from closing out / settlement of futures contracts can not be taken to Profit & Loss account but carried forward as "Other Liability" and utilized for meeting depreciation provisions on the investment portfolio.

10.3.8 Accounting for trading positions:

The following should be used as general principles for accounting of trading transactions:

- i. Trading positions in interest rate derivatives (OTC and Exchange traded) should be marked to market on a daily basis.
- ii. Profits and Losses arising out of trading positions should be taken to the Profit & Loss Account.

10.3.9 ALM classification:

The ALM classification will apply differently to the hedging positions and trading positions in IRDs. In case of hedging, interest rate futures may be treated as a combination of a long and short position in a notional Government security. The maturity of a future will be the period until delivery or exercise of the contract, as also the life of the underlying instrument. For example, a short position in interest rate future for Rs. 50 crore [delivery date after 6 months, life of the notional underlying Government security 3½ years] is to be reported as a rate sensitive asset under the 3 to 6 month bucket and a rate sensitive liability in four years i.e. under the 3 to 5 year bucket. Trading positions should be classified as rate sensitive asset or liability, as the case may be, under 0-30 day maturity bucket.

10.3.10 Client Trades:

PDs who are trading members of the Stock Exchanges may have to put up margins on behalf of their non-institutional client trades. Such margins are required to be collected upfront from the respective clients. PDs are not permitted to pay up margins on behalf of their client trades and incur overnight credit exposure to their clients. In so far as the intra day exposures on clients for margins are concerned, the PDs should be conscious of the underlying risks in such exposures.

10.3.11 Disclosures and reporting:

The PDs undertaking interest rate derivatives on exchanges may disclose as a part of the notes on accounts to balance sheets the following details:

(Rs. Crores)

Sr.No.	Particulars	Amount
1	Notional principal amount of exchange traded interest rate futures undertaken during the year (product-wise) a) b) c)	
2	Notional principal amount of exchange traded interest rate futures outstanding as on 31 st March ____ (product -wise) a) b) c)	
3	Notional principal amount of exchange traded interest rate futures outstanding and not "highly effective" (product -wise) a) b) c)	
4	Mark-to-market value of exchange traded interest rate futures outstanding and not "highly effective" (product -wise) a) b) c)	
5.	Notional Principal Amount of trading positions in Interest Rate futures outstanding as on 31 st March ____ (product -wise) a) b) c)	

11. Guidelines on investment in non-Government Securities

11.1 These guidelines cover PDs' investments in non-Government securities (including capital gains bonds, bonds eligible for priority sector status, bonds issued by Central or State public sector undertakings with or without Government guarantees and bonds issued by banks and financial companies) generally issued by corporates, banks, FIs and State and Central Government sponsored institutions, SPVs etc. These guidelines will, however, not be applicable to (i)

units of equity oriented mutual fund schemes where any part of the corpus can be invested in equity, (ii) venture capital funds, (iii) commercial paper, (iv) certificate of deposit, and (v) investments in equity shares. The guidelines will apply to investments both in the primary market as well as the secondary market.

11.2 PDs should not invest in non-Government securities of original maturity of less than one-year, other than Commercial Paper and Certificates of Deposits, which are covered under RBI guidelines.

11.3 PDs should undertake usual due diligence in respect of investments in non-Government securities.

11.4 PDs must not invest in unrated non-Government securities.

11.5 The PDs will abide by the requirements stipulated by the SEBI in respect of corporate debt securities. Accordingly, while making fresh investments in non-Government debt securities, PDs should ensure that such investment are made only in listed debt securities, except to the extent indicated in paragraphs 11.6 and 11.7 below.

11.6 PDs' investment in unlisted non-Government securities should not exceed 10% of the size of their non-Government securities portfolio on an on-going basis. The ceiling of 10% will be inclusive of investment in Security Receipts issued by Securitization Companies/Reconstruction Companies and also the investment in Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS). The unlisted non-Government debt securities in which PDs may invest up to the limits specified above, should comply with the disclosure requirements as prescribed by the SEBI for listed companies.

11.7 Considering the time required by issuers to get their unlisted debt issues listed on the stock exchanges, the following transition time is provided:

- i. Investment by PDs in units of mutual fund schemes where the entire corpus is invested in debt securities will be outside the purview of the above guidelines until December 31, 2004.
- ii. With effect from January 1, 2005 only investment in units of such mutual fund schemes that have an exposure to unlisted securities of less than 10 per cent of the corpus of the fund will be treated on par with listed

- securities for the purpose of compliance with the prudential limits prescribed in the above guidelines.
- iii. The PDs may invest in existing unlisted securities (issued prior to December 31, 2003) till December 31, 2004 provided the issuers have applied to the stock exchange(s) for listing and the security(ies) is/are rated minimum investment grade.
 - iv. With effect from January 1, 2005 only PDs whose investment in unlisted non-Government securities are within the prudential limits prescribed in the above guidelines may make fresh investment in such securities and up to the prudential limits.

11.8 PDs should ensure that their investment policies duly approved by the Board of Directors are formulated after taking into account all the relevant issues specified in these guidelines on investment in non-Government securities. PDs should put in place proper risk management systems for capturing and analysing the risk in respect of non-Government securities before making investments and taking remedial measures in time. PDs should also put in place appropriate systems to ensure that investment in privately placed instruments is made in accordance with the systems and procedures prescribed under respective PDs' investment policy.

11.9 Boards of PDs should review the following aspects of non-Government investment at least at quarterly intervals:

- i. Total business (investment and divestment) during the reporting period.
- ii. Compliance with the prudential limits prescribed by the Board for investment in non-Government securities.
- iii. Compliance with the prudential guidelines on non-Government securities prescribed in paragraphs 11.7 and 11.8 above.
- iv. Rating migration of the issuers/ issues held in the PDs' books and consequent diminution in the portfolio quality.

11.10 In order to help in the creation of a central database on private placement of debt, a copy of all offer documents should be filed with the Credit Information Bureau (India) Ltd. (CIBIL) by the PDs. Further, any default relating to interest/

instalment in respect of any privately placed debt should also be reported to CIBIL by the investing PDs along with a copy of the offer document.

11.11 As per the SEBI guidelines, all trades with the exception of the spot transactions, in a listed debt security, shall be executed only on the trading platform of a stock exchange. In addition to complying with these SEBI guidelines, (as and when applicable) PDs should ensure that all spot transactions in listed and unlisted debt securities are reported on the NDS and settled through the CCIL from a date to be notified by RBI.

12. Guidelines on declaration of dividends

PDs should follow the following guidelines while declaring dividend distribution:

- i. The PD should have complied with the regulations on transfer of profits to statutory reserves and the regulatory guidelines relating to provisioning and valuation of securities, etc.
- ii. PDs having Capital to Risk Weighted Assets Ratio (CRAR) below the regulatory minimum of 15 per cent in any of the previous four quarters cannot declare any dividend. For PDs having CRAR between the regulatory minimum of 15 per cent during all the four quarters of the previous year, but lower than 20 per cent in any of the four quarters, the dividend payout ratio should not exceed 33.3 per cent. For PDs having CRAR above 20 per cent during all the four quarters of the previous year, the dividend payout ratio should not exceed 50 per cent. Dividend payout ratio should be calculated as a percentage of dividend payable in a year (excluding dividend tax) to net profit during the year.
- iii. The proposed dividend should be payable out of the current year's profits. In case the profit for the relevant period includes any extraordinary profit income, the payout ratio should be computed after excluding such extraordinary items for reckoning compliance with the prudential payout ratio ceiling of 33.3 per cent or 50 per cent, as the case may be.
- iv. The financial statements pertaining to the financial year for which the PD is declaring dividend should be free of any qualifications by the statutory

auditors, which have an adverse bearing on the profit during that year. In case of any qualification to that effect, the net profit should be suitably adjusted downward while computing the dividend payout ratio.

- v. In case there are special reasons or difficulties for any PD in strictly adhering to the guidelines, it may approach Reserve Bank in advance for an appropriate *ad hoc* dispensation in this regard.
- vi. All the PDs declaring dividend should report details of dividend declared during the accounting year as per the prescribed proforma (please see Sr. No 12 in Annex II). The report should be furnished within a fortnight of payment of dividend.

13. Violation/Circumvention of Instructions

Any violation/circumvention of the above guidelines would be viewed seriously and such violation would attract penal action including the withdrawal of liquidity support, denial of access to the money market, withdrawal of authorisation for carrying on the business as a Primary Dealer, and/or any other penalty the Reserve Bank may deem fit.

Publication of Financial Results

Name of Primary Dealer

Audited Financial Results for the year ended 31st March

Sources of Funds

- Capital
- Reserves and Surplus
- Loans
 - Secured
 - Unsecured
 - (of which call money borrowings)

Application of Funds

- Fixed Assets
- Investments
 - Government Securities (inclusive of T. Bills)
 - Commercial Papers
 - Corporate Bonds
- Loans and Advances
 - (of which call money lendings)
- Non Current Assets
- Others

Profits and Loss account

- Income (business segment wise)
 - Interest
 - Discount
 - Trading Profit
- Expenses
 - Interest
 - Administrative Costs
- Profit before tax
- Net Profit

Regulatory Capital required (as per Capital Adequacy Guidelines)

Actual Capital

Return on Net Worth

Annex II

Statements / Returns required to be submitted by Primary Dealers to IDMD

Sr. No.	Return/Report	Periodicity	Last date for submission	Reference under which required
1.	PDR-I*	Fortnightly	Next working day of the reporting fortnight	PD Guidelines
2.	PDR-II*	Monthly	10th of the following month	
3.	PDR-III*	Quarterly	15 of the month following the reporting quarter	
4.	Annual Report & Annual Audited A/cs	Annual	As soon as annual accounts audited and finalised	
5.	Auditor's Certificate on Net Owned Funds	Yearly	30th June	
6.	Reconciliation of holdings of Govt. Securities in own A/c and constituent A/c	Yearly	One month from the close of accounting year	IDMC.No.PDRS/2049A/03.64.00/99-2000 dated December 31, 1999
7.	Return on FRAs / IRS*	Fortnightly	As prescribed by MPD	MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999.
8.	Deviations, if any , reported by Concurrent Auditors on sale transactions of securities allotted in Primary Issues on the same day	Monthly	15th of the month following the reporting month	IDMC.PDRS.No. PDS.1/03.64.00/2000-2001 dated October 6, 2000
9.	Statement of Transactions effected between Gilt A/c holders	Weekly	Next working day following the reporting week	PDO/SGL/CIRR. No. 07.01.13/2950/2000-2001 dated November 8, 2000.
10.	PDR IV*	Quarterly	15 th of the month of the month following the reporting quarter	New

11.	Investments in non-Government securities	Yearly	Disclosures in the 'Notes on Accounts' of the balance sheet, with effect from the financial year ending 31 March 2004.	IDMD.PDRS.No.3 /03.64.00/ 2003-04 March 08, 2004
12.	Details of dividend declared during the accounting year	Yearly	Within a fortnight from the payment of dividend	IDMD.PDRS.No 6 /03.64.00/ 2003-04 June 03, 2004

*** = Indicates that these returns should be submitted in electronic form as an excel file attachment through e-mail.**

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Statements / Returns required to be submitted by Primary Dealers to other departments (other than IDMD) of Reserve Bank of India

Sr. No.	Return/Report	Periodicity	To be filed with Deptt.	Reference under which required
1.	Return on FRAs / IRS	Fortnightly	MPD and IDMD	MPD.BC.187/07.01.27 9/1999-2000 dated July 7, 1999.
2.	Statement showing balances of Govt. Securities held on behalf of each Gilt A/c holder	Half-Yearly	PDO	
3.	Return on Call Money transactions with Commercial Banks	Fortnightly	DEAP, DMB	
4.	Daily Return on Call/Notice/Term Money Transactions	Daily	MPD	
5.	Call and Notice Money Operations during the Fortnight	Fortnightly		
6.	Total Investments and Resources invested in short-term Instruments	Monthly		

7.	Information for Issue of Commercial Paper	On each issue of CP	IECD	IECD.2/08.15.01/2001-02 dated July 23, 2001
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Note: 1. Return no. 9 is to be submitted to IDMD and MPD as hitherto.

2. The last date prescribed for submission of these statements by the concerned departments and/or IDMD should be adhered to.

List of circulars consolidated

No	Circular no	Date	Subject
1	IDMC.PDRS.1532. /03.64.00/1999-00	November 2, 1999	Primary Dealers – Leverage
2	IDMC.PDRS.2049A /03.64.00/1999- 2000	December 31,1999	Guidelines on Securities transactions to be followed by Primary Dealers
3	IDMC.PDRS.5122. /03.64.00/1999-00	June 14,2000	Guidelines on Securities Transactions by Primary dealers
4	IDMC.PDRS.PDS1. /03.64.00/2000-01	October 6, 2000	Sale of securities allotted in Primary issues on the same day
5	IDMC.PDRS.4135 /03.64.00/2000-01	April 19,2001	Scheme for Bidding, Underwriting and Liquidity support to Primary Dealers
6	IDMC.PDRS.87. /03.64.00/2001-02	July 5, 2001	Liquidity support to Primary Dealers
7	IDMC.PDRS.1382. /03.64.00/2000-01	September 18,2001	Dematerialised holding of bonds and debentures
8	IDMC.PDRS.3369. /03.64.00/2001-02	January 17, 2002	Guidelines on Counter party limits and Inter-corporate deposits
9	IDMC.PDRS.4881 /03.64.00/2001-02	May 8,2002	Guidelines to Primary Dealers
10	IDMC.PDRS.5018. /03.64.00/2001-02	May 17, 2002	Scheme for Bidding, Underwriting and liquidity support to Primary dealers 2001-02
11	IDMC.PDRS.5039. /03.64.00/2001-02	May 20,2002	Transactions in Government securities
12	IDMC.PDRS.5323. /03.64.00/2001-02	June 10,2002	Transactions in Government securities
13	IDMC.PDRS.418. /03.64.00/2002-03	July 26,2002	Publication of Financial results
14	IDMC.PDRS.1724. /03.64.00/2002-03	October 23,2002	Underwriting of Government dated securities by Primary Dealers
15	IDMC.PDRS.2269. /03.64.00/2002-03	November 28,2002	Publication of Financial results
16	IDMC.PDRS.2896. /03.64.00/2002-03	January 14, 2003	Trading in Government securities on Stock Exchanges
17	IDMC.PDRS.3432. /03.64.00/2002-03	February 21, 2003	Ready Forward Contracts
18	IDMC.PDRS.3820. /03.64.00/2002-03	March 24,2003	Availment of FCNR(B) loans by Primary Dealers

19	IDMC.PDRS.1. /03.64.00/2002-03	April 10,2003	Portfolio Management Services by Primary Dealers – Guidelines
20	IDMC.PDRS.4802. /03.64.00/2002-03	June 3, 2003	Guidelines on Exchange Traded Interest Rate Derivatives
21	IDMC.PDRS.4802 . /03.64.00/2002-03	June 11, 2003	Guidelines on Exchange Traded Interest Rate Derivatives
22	IDMC.PDRS.122. /03.64.00/2002-03	September 22, 2003	Rationalisation of returns submitted by Primary Dealers
23	IDMD. PDRS.No.3/ /03.64.00/2003-04	March 08,2004	Prudential guidelines on investment in non-Government securities
24	IDMD.PDRS.05/ 10.02.01/2003-04	March 29,2004	Transactions in Government Securities
25	IDMD.PDRS. No06/ 03.64.00/2003-04	June 03,2004	Declaration of dividend by Primary Dealers
26	RBI /2004-05/ 66 - IDMD.PDRS. 01 10.02.01/2004-05	July 23, 2004	Transactions in Government securities
27	RBI /2004-05/67 - IDMD.PDRS. 02 /03.64.00/2004-05	July 23,2004	Success Ratio in Treasury Bill auctions for Primary Dealers
28	RBI/2004-05/ 136 - IDMD.PDRS.No/ 03 /10.02.16/2004-05	August 24,2004	Dematerialization of Primary Dealer's investment in equity