

RBI/2004-05/422
REF: NO. MPD.BC. 261/07.01.279/2004-05

April 13, 2005
Chaitra 23, 1927 (S)

To
All Scheduled Banks

Dear Sirs

Reporting of Commercial Paper (CP) Issuance on NDS Platform

Please refer to Paragraph 100 of the mid-term Review of the annual policy Statement for the year 2004-05 dated October 26, 2004 regarding commercial paper issuance on the negotiated dealing system (NDS) platform (copy of the paragraph enclosed).

2. As discussed with market participants, a module for reporting of CP issuance on the NDS platform by issuing and paying agents (IPAs) has been released to NDS members on April 2, 2005 in the PDO-NDS Version 3.0 software. Accordingly, it has been decided that with effect from April 16, 2005, all scheduled banks, which are NDS member and acting as an IPA for CP issuance, should report details of CP issue on NDS platform within two days from the date of completion of the issue.

3. All scheduled banks, however, will continue to report CP issuance details as hitherto to the Adviser-in-Charge, Monetary Policy Department, Reserve Bank of India, Central Office, Mumbai as per Schedule II as has been advised vide Master Circular No. MPD. 251/07.01.279/2004-05 dated July 1, 2004 till NDS reporting stabilizes to the satisfaction of RBI. The discontinuation of reporting of CP details to MPD would be communicated separately at a later stage.

Yours faithfully,

(Deepak Mohanty)
Adviser-in-Charge

(b) Commercial Paper

100. With a view to developing the commercial paper (CP) market further, a status paper was placed on RBI website which was discussed with market participants as well as in the Technical Advisory Committee on money, foreign exchange and government securities markets (TAC). Taking into account the suggestions and market response, the following measures are proposed:

- In order to provide an option to issuers to raise short-term resources through CP as also an avenue to investors to invest in quality short-term papers, the minimum maturity period of CP is reduced from 15 days to 7 days with immediate effect.
- In order to provide transparency and also facilitate benchmarking of CP issues, issuing and paying agents (IPAs) would report issuance of CP on the negotiated dealing system (NDS) platform by the end of the day. The date of commencement of reporting would be finalised in consultation with market participants.
- With a view to moving towards settlement on T+1 basis, a Group comprising market participants would be constituted to suggest rationalisation and standardisation in respect of processing, settlement and documentation of CP issuance.