

**LIQUIDITY ADJUSTMENT FACILITY SCHEME
TENDER FORM FOR FIXED-RATE OVERNIGHT REVERSE REPO AUCTION**

The Regional Director
Public Accounts Department
Reserve Bank of India
Mumbai Office
Mumbai

(Please strike off whichever is not applicable)

| | |
|-----|------|
| LAF | SLAF |
|-----|------|

Tenderer's RRC S.G.L. A/c.
No. with Securities. SG14_ _ _ _
Section, PAD

Tenderer's Current
A/c. No. with D.A.D. _____

Dear Sir,

**Tender for Fixed-Rate Overnight Reverse Repurchase Agreements
(Reverse Repos) Auction to be held on _____
by Reserve Bank of India**

I/We* the undersigned hereby submit tender as set out below for the **purchase** of Government of India dated securities/eligible Treasury Bills from you on _____ with the undertaking that the same securities will be sold back to you on _____.

| | | |
|----|---|---------------------------------------|
| 1. | Name of the tenderer & Address | |
| 2. | Amount bid @ (in figures) (in words) | Rs. _____ crore Rupees _____ crore |
| 3. | Reverse Repo Rate (per cent per annum) fixed by RBI | |
| 4. | Telephone No. | |
| 5. | Fax No. | |

@Indicates the nominal amount offered in Repo against securities.

Undertakings

On your acceptance of my/our* tender,

1. I/We* agree and undertake to immediately accept the electronic confirmation advice from your office and to deposit the requisite amount at Reserve Bank of India, Mumbai in the manner and on the day/time indicated therein.
2. I/We* also authorise the Reserve Bank of India to be our custodian, to hold the securities purchased by us from Reserve Bank of India under the Reverse Repos, and to transfer them by debiting/crediting my/our Current Account and Reverse Repo Constituents' Accounts based on our application/bid form.

3. I/We* agree the beneficial interest, viz., Coupon, if any, in respect of securities transferred by Reserve Bank of India to us and held in the Reverse Repo Constituents' SGL Account will rest with Reserve Bank of India.
4. I/We* agree that the Reserve Bank of India shall not be held responsible for any loss, damage or liability on account of acting as the Custodian of our securities. I/We* also agree that I/We* shall indemnify and keep indemnified the Reserve Bank of India at all times against any loss, damage or liability whatsoever arising out of acting as Custodian of our securities as above.
5. I/We* have also submitted another bid(s)/not submitted any other bids* for the auction.

Terms and conditions

I/We* have read the terms and conditions for the auction and undertake to abide by them.

Yours faithfully,

- i) Signature of official (s) authorised to operate on SGL/Current Account _____
- ii) Name _____
- iii) Designation _____
- iv) Office stamp of the tenderer _____

*: Strike out whichever is not applicable.

1. Auctions for fixed-rate Overnight Reverse Repo will be conducted by Reserve Bank of India at Mumbai on all working days except Saturdays.
2. All transferable Government of India dated securities and Treasury Bills that are eligible for SLR will be the eligible securities for Reverse Repo auctions.
3. Bids will be submitted for a minimum amount of Rs.5 crore and in multiples of Rs.5 crore thereafter.
4. All Scheduled Commercial Banks (excluding RRBs) and Primary Dealers (PDs) maintaining SGL and Current accounts with RBI at Mumbai will be eligible to participate in the Reverse Repo auctions.
5. The bids Reverse Repo auctions under LAF/SLAF will be submitted electronically in the Negotiated Dealing System (NDS). Members of NDS facing genuine systems problem on any specific day may submit physical bids in sealed cover superscribed "**Overnight Reverse Repo Auction**" in the box provided in Mumbai Office, Reserve Bank of India, by 10.30 a.m/3.45 p.m. In case of inability to submit physical bid by 10.30 a.m/3.45 p.m in the bid box, intention to submit physical bid indicating the bid amount must be communicated to the **Manager, Securities Section, Public Accounts Department (PAD), Mumbai Office by fax before 10.30 a.m/3.45 p.m** and the bid in a sealed cover must be delivered to the Securities Section, PAD by 11.00 a.m/4.15 p.m If such physical bids are not received by 11.00 a.m/4.15 p.m., the fax request received will be ignored. It may be noted that the facility of fax communication on intention to submit the physical bid should not be used to circumvent the time discipline.
6. NDS provides for submission of single or multiple bids. However, members are advised that as far as possible they should submit only one bid. In case of physical submission of multiple bids, separate tender form should be submitted for each bid.
7. The Reverse Repo rate will be fixed by RBI from time to time.
8. The Reverse Repo will be conducted as 'Hold-in-Custody' type. A constituents' SGL Account called "Reverse Repo Constituents' (RRC) SGL Account" will be opened with Reserve Bank of India as a custodial account. Securities will be held by RBI on behalf of the participants in this account in case of all Reverse Repo operations. RBI would hold Government Securities delivered by it under Reverse Repo in the RRC SGL Account on behalf of the counter parties during the reverse repo period.
9. For the purpose of Hold-in-Custody Reverse Repos, the tenderers will have to authorise RBI to transfer securities to/from RRC SGL accounts based on their application/bid form. They will also have to authorise RBI to debit/credit their current accounts and for transferring coupon payments during the reverse repo period, if any, to RBI. Accrued interest on the security will be ignored for the pricing of the security. Coupon, if any, will be transferred to the RBI in the case of Reverse Repos.
10. There will be margins for the Government of India dated securities and eligible Treasury Bills and the amount of securities transferred to RRC SGL A/C of successful tenderer will be Rs.105 in terms of face value, per Rs. 100 of reverse repo amount.
11. The successful tenderer's Current Account with RBI will be debited as per the current procedure under Reverse Repo facility. Securities will be credited into the tenderer's RRC SGL Account simultaneously. On the date of reversal, the tenderer's RRC SGL Account will be debited and Current Account credited with the reverse repo amount and interest earned. For instance, in a Reverse Repo auction where bid amount accepted is

Rs.420 crore at a rate of 4.75 per cent the calculations of amount of cash outflow in the first leg and amount of cash inflow in the second leg (with interest) will be as under.

Leg 1: Tenderer's Current Account Dr. Rs. 420 Cr.
Tenderer's RRC SGL Account Cr. Rs. 441 Cr = (Amt.of bid * 105) /100

Leg 2: Tenderer's RRC SGL Account Dr. Rs. 441 Cr
Tenderer's Current Account Cr. Rs 420,05,46,575 = (Amt. of bid +
Interest for 1 day at 4.75%)

12. Securities held by RBI on behalf of banks in the RRC SGL Account will be counted for SLR purposes.RRC SGL Accounts will be available on line for members. Since participants can take a printout of the balance in their accounts from the system, Securities Section, PAD will discontinue the practice of furnishing daily balance certificate to members.
13. The settlement of transactions in the auction will take place on the same day of the auction. But for intervening holidays, the Reverse Repo auctions will be for one day except on Fridays when the auction will be for three days or more, maturing on the following working day.
14. The results of the auction under LAF/SLAF will be announced through the Press Relations Division by 12.00 noon/4.45 p.m and the same would also be available at Mumbai Office, RBI, Main Building, Fort, Mumbai 400 001.
15. The results will also be communicated to the individual tenderers in the auction through NDS. In case results are not available through NDS for any reason, tenderer should check for the result of the auction from Securities Section, PAD, RBI, Fort, Mumbai 400 001 and make available funds in the current account for settlement.
16. It will be binding on the successful bidders to deliver the amount allotted in the auction. If the successful bidders do not honour the allotment, they will be subject to penal action to the extent of debaring from participating in the auctions for a period of one year.
17. The Reserve Bank reserves the right to accept or reject any or all the tenders wholly or partially, if deemed fit, without assigning any reason.
18. The Reserve Bank shall not be held responsible for any loss, damage or liability on account of acting as the custodian on behalf of the participants.