

RBI No. 2006-07/ 95

DBOD. No.BP.BC.24/21.04.141/2006-07

August 1, 2006

All Scheduled Commercial Banks ( except RRBs)/  
All India Term Lending and Refinancing Institutions (FIs)

Dear Sir,

**‘When Issued’ transactions in Central Government Securities – accounting and related aspects**

Please refer to our Internal Debt Management Department’s Circular No. IDMD. 3426/ 11.01.01 (D)/ 2005-06 dated May 3, 2006 allowing all NDS – OM members to undertake ‘When issued transactions’ on the NDS – OM platform. The accounting treatment of transactions undertaken in ‘When Issued’ (WI) securities would be as follows :

**1. Accounting Treatment**

- (a) The ‘WI’ security should be recorded in books as an off balance sheet item till issue of the security.
- (b) The off balance sheet net position in ‘WI’ market should be marked to market scrip-wise on daily basis at the day’s closing price of the ‘WI’ security. In case the price of the ‘WI’ security is not available, the value of the underlying security (as stipulated in Master Circular No.DBOD.BP.BC.14/ 21.04.141/ 2006-07 dated July 1, 2006) may be used instead. Depreciation, if any, should be provided for and appreciation, if any, should be ignored.
- (c) The off balance sheet (net) position in ‘WI’ securities, scripwise, would attract capital charge for market risk.
- (d) On delivery, the underlying security may be classified in any of the three categories, viz; ‘Held to Maturity’, ‘Available for Sale’ or ‘Held for Trading’, depending upon the intent of holding, at the contracted price.

**2. Eligibility for SLR status**

The securities bought in the 'When Issued' market would be eligible for SLR purposes, only on delivery.

3. Please acknowledge receipt.

Yours faithfully,

( Prashant Saran)  
Chief General Manager-in-Charge