

RBI/2006-07/119  
RPCD. RF.BC.19/07.02.03/2006-07

August 25, 2006

All State and District Central Co-operative Banks (StCBs/DCCBs)  
(NDS-OM Members)

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 (available on RBI web-site [www.rbi.org.in](http://www.rbi.org.in)) allowing all Negotiated Dealing System- Order Matching (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 market value of the underlying security may be used instead. Revaluation losses, if any, should be provided for and gains, if any, should be ignored.
- (c) On delivery, the underlying security may be classified in any of the two categories, viz., 'Permanent' or 'Current', depending upon the intent of holding, and may be recognized in the balance sheet 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 to our Regional Office concerned.

Yours faithfully,

**(C.S.Murthy)**  
**Chief General Manager-in-Charge**