RBI/2007-2008/56
IDMD.PDRS. 01 /03.64.00/2007-08

July 02, 2007

All Primary Dealers in the 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 all the current instructions at one place, a Master Circular incorporating the guidelines/instructions/directives on the subject was issued on July 18, 2006. With a view to incorporate the changes and new instructions issued by the Reserve Bank of India thereafter, this updated Master Circular is being issued. The list of circulars consolidated is given in Annex. Operational guidelines with respect to banks undertaking PD business have been issued separately vide Master Circular IDMD.PDRS.02/03.64.00/2007-08 dated July 02, 2007. The guidelines on Risk Management and Capital Adequacy are issued vide Master Circular IDMD.PDRS.03 /03.64.00/2007-08 dated July 02, 2007.

2. Please acknowledge receipt.

Yours faithfully

(G. Mahalingam)
Chief General Manager

Master Circular

Operational Guidelines to Primary Dealers in Government Securities Market

Reserve Bank of India
Mumbai

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1. Primary Dealership System

1.1 Introduction

In 1995, the Reserve Bank of India (RBI) introduced the system of Primary Dealers (PDs) in the Government Securities Market, which comprised of independent entities focused on Primary Dealer activity. In order to broad base the Primary Dealership system the permitted structure of Primary Dealership business was expanded to include banks in 2006-07. As on March 31, 2007, there were eight standalone PDs and 10 banks authorized to undertake PD business departmentally. Further, subject to conditions, the standalone PDs were permitted to diversify into business activities, other than the core PD business, in 2006-07.

1.2 The objectives of Primary Dealer System

The objectives of the PD system are:

i. To strengthen the infrastructure in the government securities market in order to make it vibrant, liquid and broad based.

ii. To ensure development of underwriting and market making capabilities for government securities outside the RBI so that the latter will gradually shed these functions.

iii. To improve secondary market trading system, which would contribute to price discovery, enhance liquidity and turnover and encourage voluntary holding of government securities amongst a wider investor base.

iv. To make PDs an effective conduit for conducting open market operations (OMO).

1.3 Eligibility conditions

1.3.1 The following institutions are eligible to apply for Primary Dealership:

i. Subsidiary of scheduled commercial bank/s and all India financial institution/s dedicated predominantly to the securities business and in particular to the government securities market.

ii. Company incorporated under the Companies Act, 1956 and engaged predominantly in the securities business and in particular the government securities market.

iii. Subsidiaries/ joint ventures set up by entities incorporated abroad under the approval of Foreign Investment Promotion Board (FIPB).

iv. Banks which do not have a partly or wholly owned subsidiary undertaking PD business and fulfill the following criteria :
   a. Minimum net owned funds (NOF) of Rs.1, 000 crore
   b. Minimum CRAR of 9 per cent
   c. Net NPAs of less than 3 per cent and a profit making record for the last three years.

1.3.2 Indian banks which are undertaking PD business through a partly or wholly owned subsidiary and wish to undertake PD business departmentally by merging / taking over PD business from their partly / wholly owned subsidiary subject to fulfilling the criteria stipulated above.

1.3.3 Foreign banks operating in India who wish to undertake PD business departmentally by merging the PD business being undertaken by group companies subject to fulfillment of criteria stipulated above.

1.3.4 A non-bank entity applying for permission to undertake PD business shall obtain Certificate of Registration as an NBFC under Section 45-IA of the RBI Act, 1934 from the Department of Non-Banking Supervision, Reserve Bank of India.

1.3.5 A non-bank applicant shall have net owned funds (NOF) of a minimum of Rs. 50 crore. In the case of a PD intending to diversify into permissible activities, the minimum NOF shall be Rs.100 crore. Net owned Funds will consist of paid up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets. From the aggregate of items, accumulated loss balance and book value of intangible assets, if any, will be deducted to arrive at owned funds.

Investments in shares of other NBFCs and in shares, debentures of subsidiaries and group companies in excess of ten percent of the owned fund mentioned above will be deducted to arrive at the Net Owned Funds. The NOF should be computed on the basis of last audited Balance Sheet and any capital raised after the Balance Sheet date should not be accounted for while computing NOF.

1.3.6 PDs are **not** permitted to set up step-down subsidiaries.

1.4 Procedure for Authorisation of Primary Dealers

1.4.1 For enlistment as a Primary Dealer an eligible institution should submit its application in the specified proforma to the Chief General Manager, Internal Debt Management Department (IDMD), Reserve Bank of India. Banks eligible for Primary Dealership may approach the Chief General Manager-in-Charge, Department of Banking Operation and Development, Reserve Bank of India. The Reserve Bank will consider the application and, if satisfied, would grant approval `in principle'. The applicant will thereafter submit an undertaking in respect of the terms and conditions agreed to. Based on the application and undertaking, an authorisation letter will be issued by RBI. Continuation as a Primary Dealer would depend on the compliance with the terms and conditions in the authorisation letter.

1.4.2 Procedure for authorization and operational guidelines with respect to banks undertaking PD business have been issued separately vide circular IDMD.PDRS.1431/03.64.00/2006-07 dated October 5, 2006.

Note: The decision to enlist Primary Dealers will be taken by Reserve Bank of India based on its perception of market needs, suitability of the applicant and the likely value addition to the system.

1.5 PDs' role and obligations

PDs are expected to play an active role in the government securities market, both in its primary and secondary segments. A Primary Dealer will be required to have a standing arrangement with RBI based on the execution of an undertaking (**Annex-I**) and the authorisation letter issued by RBI 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 underwriting commitment, bidding commitment and success ratio as 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 (NDS) over-the-counter telephone market and through recognised Stock Exchanges in India and take principal positions in the secondary market for Government securities.

iii. A PD should submit periodic returns as prescribed by RBI from time to time.

iv. PDs should achieve a minimum turnover ratio of 5 times for Government dated securities and 10 times for Treasury Bills of the average month-end stocks. The turnover ratio in respect of outright transactions should not be less than 3 times in government dated securities and 6 times in Treasury Bills in the secondary market for Government dated securities and Treasury Bills (turnover ratio computed as the ratio of total purchase and sales during the year in the secondary market to average month-end stocks).

v. PDs should maintain adequate physical infrastructure and skilled manpower for efficient participation in primary issues, trading in the secondary market, and to advise and educate investors.

vi. A Primary Dealer shall have an efficient internal control system for fair conduct of business, settlement of trades and maintenance of accounts.

viii. A Primary Dealer will provide access to RBI to all records, books, information and documents as may be required.

ix. PDs' investment in Government Securities and Treasury Bills on a daily basis should be at least equal to its net call/notice/repo (including CBLO) borrowing plus net RBI borrowing (through LAF/ Intra-Day Liquidity/ Liquidity Support) plus the minimum prescribed NOF.

x. PDs may adhere to the guidelines issued by the RBI from time to time on NDS / NDS(OM), SGL / CSGL operations, etc. PDs' operations are subject to all prudential and regulatory guidelines issued by RBI.

1.6 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. Obtain memberships of electronic dealing, trading and settlement systems (NDS platforms/INFINET/RTGS/CCIL).
v. Access to Liquidity Adjustment Facility (LAF) of RBI.
vi. Access to liquidity support from RBI under a scheme separately notified.
vii. Favoured access to open market operations by Reserve Bank of India.

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

1.7 Regulation

i. PDs are required to meet such registration and other requirements as stipulated by the Securities and Exchange Board of India (SEBI) including operations on the Stock Exchanges.
ii. PDs are expected to join 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 interests of the securities markets.
iii. In respect of transactions in Government securities, a Primary Dealer should have a separate desk and maintain separate accounts and have an external audit of annual accounts. The Primary Dealer should maintain separate accounts in respect of its own position and customer transactions.
iv. A Primary Dealer 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, CBI, Enforcement Directorate, Income Tax, etc.

v. Reserve Bank of India reserves the right to cancel the Primary Dealership if, in its view, the concerned institution has not fulfilled any of the prescribed performance criteria contained in the authorisation letter.

vii. RBI's instructions to Primary Dealers will apply to Bank-PDs, to the extent applicable.

1.8 Supervision by RBI

1.8.1 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.**

1.8.2 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.

2. 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 underwriting/bidding commitments and success ratios. The related guidelines are as under:

2.1 Underwriting of Dated Government Securities

2.1.1 Dated securities of Central Government:

i. On announcement of the notified amount for dated securities of the Central Government, the underwriting commitment will be divided into two parts - i) Minimum Underwriting Commitment (MUC) and ii) Additional Competitive Underwriting (ACU). The MUC of each PD will be computed to ensure that at least 50 percent of each issue is mandatorily covered by the aggregate of all MUCs. The MUC will be uniform for all PDs, irrespective of their capital or balance sheet size. The remaining portion of the notified amount will be open to competitive underwriting through underwriting auction. Each PD would be required to bid for a minimum of 3 per cent of notified amount. The auction could be either uniform price-based or multiple price-based depending upon the market conditions and other relevant factors, which will be announced before the underwriting auction for each issue. All successful bidders in the ACU auction will get commission as per auction rules.

ii. **Commission on MUC:** Those PDs who succeed in the ACU for 4 per cent and above of the notified amount of the issue, will get commission on their MUC (3 percent) at the weighted average of all the accepted bids in the ACU. Others will get commission on the 3 percent in MUC at the weighted average rate of the three lowest bids in the ACU.

iii. RBI will announce the MUC of each PD and the amount for which ACU underwriting auction will be held. PDs have to bid in the ACU underwriting auction for the remaining portion (notified amount minus MUC) of the notified amount.

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. Each PD would be required to bid for a **minimum of 3 per cent** of the notified amount.

vi. A PD **cannot bid for more than 30 per cent** of the notified amount.

vii. Depending upon the bids submitted for underwriting, RBI will decide the cut-off rate of commission and inform the PDs.

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 issue of security.

ix. In the GOI securities auction, a PD should bid for an amount not less than the amount successful in the ACU and MUC. If two or more issues are floated on the same day, the minimum bid amount will be applied to each issue separately.

x. 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.

xi. An illustration pertaining to the underwriting procedure is given in **Annex III.**

2.1.2 Dated securities of State Governments

i. On announcement of the notified amount for dated securities of 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. 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.

iv. 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.

v. 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.

vi. 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 issue of security.

2.2 Bidding in Primary auctions of Treasury Bills

i. Each PD will individually commit, at the beginning of the year, to submit bids 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. 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. In any auction of Treasury Bills, if a PD fails to submit the required minimum bid or submits a bid lower than its commitment, the Reserve Bank may 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 bidding commitment for Treasury Bills auctions which 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. **(For illustrations please refer to Annex IV).**

2.3 ‘When-Issued’ transactions in Central Government Securities

PDs shall adhere to the guidelines issued by the RBI vide circular IDMD.No/2130 /11.01.01 (D)/2006-07 dated November 16, 2006 for undertaking “When Issued” transactions.

2.4 Secondary Market Transactions - Short-selling

PDs shall adhere to the guidelines issued by the RBI vide circular IDMD.No./11.01.01(B)/2006-07 dated January 31, 2007 on short sale in Central Government dated securities.

3. Primary Dealers operations - Sources and application of funds

3.1 PDs are permitted to borrow funds from call/notice/term money market and repo (including CBLO) market. They are also eligible for liquidity support from RBI.

3.2 PDs are allowed to borrow from call/notice market, on an 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.

3.3 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'.

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

3.5 Liquidity Support from RBI

PDs are provided with liquidity support by the Reserve Bank of India through repos /refinance against eligible Government securities. The liquidity support will be provided to stand-alone PDs only. The parameters based on which liquidity support will be allocated are given below:

i. **Liquidity Adjustment Facility :** The stand-alone PDs will be able to access the Liquidity Adjustment Facility as hitherto.
ii. **Liquidity support:** Of the total liquidity support, half of the amount will be divided equally among all the stand-alone PDs. The remaining half (i.e. 50%) will be divided in the ratio of 1:1 based on market performance in primary market and secondary market. Performance in primary market will be computed on the basis of bids accepted in the T-Bill auction and G-sec auction in the proportionate weights of 1 and 3. Similarly, the secondary market performance will be judged on the basis of outright turnover in T-Bills and G-secs in the proportionate weights of 1 and 3.
iii. The PD-wise quantum of liquidity support will be revised every half-year (April-September and October-March) based on the market performance of the PDs in the preceding six months.
iv. The liquidity support to PDs will be made available at the 'Repo rate' announced by the Reserve Bank.

v. The liquidity support availed by a PD will be repayable within a period of 90 days. The penal rate of interest payable by PDs if liquidity support is repaid after 90 days is Bank Rate plus 5 percentage points for the period beyond 90 days.

3.6 Inter-Corporate Deposits

3.6.1 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 NOF as at the end of March of the preceding financial year 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.

3.6.2 PDs are <u>prohibited</u> from placing funds in ICD market.

3.7 FCNR (B) loans /External Commercial Borrowings

3.7.1 PDs may avail of FCNR(B) loans up to a maximum of 25% of the NOF as at the end of March of the preceding financial year 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.

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

3.8 Reporting Requirement

3.8.1 PDs are required to report the sources and application of funds maintained on daily basis and reported to RBI on fortnightly basis. The format of return (**PDR-I**) is enclosed in **Annex V**.

3.8.2 PDs are required to report the securities market turnover on monthly basis. The format of return (**PDR-II)** is enclosed in **Annex VI**.

3.8.3 PDs are required to report the select financial and Balance Sheet indicators on quarterly basis. The format of return (**PDR-IV**) is enclosed in **Annex VII**.

4. Diversification of activities by stand-alone Primary Dealers

4.1 Stand-alone Primary Dealers (PDs) are permitted to diversify their activities, as considered appropriate, in addition to their existing business of Government securities, subject to limits.

4.2 PDs may bifurcate their operations into core and non-core activities.

4.2.1 The following activities are permitted under core activities:

i. Dealing and underwriting in Government securities
ii. Dealing in Interest Rate Derivatives
iii. Providing broking services in Government securities
iv. Dealing and underwriting in Corporate / PSU / FI bonds/ debentures
v. Lending in Call/ Notice/ Term/ Repo/ CBLO market
vi. Investment in Commercial Papers
vii. Investment in Certificates of Deposit
viii. Investment in Security Receipts issued by Securitization Companies/ Reconstruction Companies, Asset Backed Securities (ABS), Mortgage Backed Securities (MBS)
ix. Investment in debt mutual funds where entire corpus is invested in debt securities

4.2.2 PDs are permitted to undertake the following activities under non-core activities:

4.2.2.1 Activities, which are expected to consume capital such as:

i. Investment / trading in equity and equity derivatives market
ii. Investment in units of equity oriented mutual funds
iii. Underwriting public issues of equity

4.2.2.2 Services, which do not consume capital or require insignificant capital outlay such as:

i. Professional Clearing Services
ii. Portfolio Management Services
iii. Issue Management Services
iv. Merger & Acquisition Advisory Services
v. Private Equity Management Services
vi. Project Appraisal Services
vii. Loan Syndication Services
viii. Debt restructuring services
ix. Consultancy Services
x. Distribution of mutual fund units
xi. Distribution of insurance products

4.2.3 For distribution of insurance products, the PDs may comply with the guidelines contained in the circular No.DNBS(PD)CC No.35/10.24/2003-04 dated February 10, 2004 issued by the Department of Non-Banking Supervision.

4.2.4 Specific approvals of other regulators, if needed, should be obtained in respect of the activities detailed above.

4.2.5 PDs are **not** allowed to undertake broking in equity, trading / broking in commodities, gold and foreign exchange.

4.3 The investment in Government Securities should have predominance over the non-core activities in terms of investment pattern. All PDs are required to ensure predominance by maintaining at least 50 per cent of their total financial investments (both long term and short term) in Government Securities at any point of time. Investment in Government securities will include the PD's Own Stock, Stock with RBI under Liquidity Support / Intra-day Liquidity (IDL)/ Liquidity Adjustment Facility (LAF), Stock with market for repo borrowings and Government Securities pledged with the Clearing Corporation of India Ltd. (CCIL).

4.4 The exposure to non-core activities shall be subject to the guidelines on regulatory and prudential norms for diversification of activities by stand-alone PDs, which are as under:

4.4.1 The minimum NOF requirement for a PD, proposing to undertake non-core activities, as detailed in para 4.2.2, should be Rs.100 crore as against Rs.50 crore for a PD, which does not diversify into these activities.

4.4.2 The exposure to non-core activities, as defined in paragraph 4.2.2 ibid, shall be subject to risk capital allocation as prescribed below.

4.4.2.1. PDs may calculate the capital charge for market risk on the stock positions / underlying stock positions/ units of equity oriented mutual funds using Internal Models (VaR based) based on the guidelines prescribed vide RBI Master circular No. IDMD.PDRS.457/03.64.00/2006-07 dated August 2, 2006 on Capital Adequacy and Risk Management. PDs may continue to provide for credit risk arising out of equity, equity derivatives and equity oriented mutual funds as prescribed in the circular mentioned above.

4.4.2.2 The guidelines for both credit risk and market risk in respect of Commercial Paper, Corporate / PSU / FI bonds / Underwriting are contained in the RBI Master circular IDMD.PDRS.457/03.64.00/2006-07 dated August 2, 2006.

4.4.2.3 The capital charge for market risk (VaR calculated at 99 per cent confidence interval, 15-day holding period, with multiplier of 3.3) for the activities defined in para **4.2.2.1** above should not be more than 20 per cent of the NOF as per the last audited balance sheet.

4.4.2.4 PDs choosing to diversify into non-core business segments should define internally the scope of diversification, organization structure and reporting levels for those segments. PDs should clearly lay down exposure and risk limits for those segments in the investment policy with the approval of their Board.

4.5 Guidelines on investment in non-Government securities

4.5.1 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.

4.5.2 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.

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

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

4.5.5 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 paragraph 4.5.6 below.

4.5.6 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.

4.5.7 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.

4.5.8 Boards of PDs should review the following aspects of investment in non-Government Securities 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 above.
iv. Rating migration of the issuers/ issues held in the PDs' books.

4.5.9 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/ installment 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.

4.5.10 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.

5. Investment Guidelines

5.1 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.

5.2 PDs should <u>necessarily</u> hold their investments in Government securities portfolio in SGL with RBI. They may also have a dematerialised account with depositories (NSDL/CDSL). All purchase/sale transactions in Government securities by PDs should be compulsorily through SGL/CSGL/Demat accounts.

5.3 PDs should hold all other investments such as commercial papers, bonds and debentures, privately placed or otherwise, and equity instruments, only in dematerialised form.

5.4 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.

5.5 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.

5.6 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.

5.7 PDs should publish their audited annual results in leading financial dailies and on their website in the format prescribed **(Annex XI)**. 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.

5.8 Any change in the shareholding pattern / capital structure 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.

6. Prudential systems/controls

6.1 Internal Control System in respect of securities transactions

i. PDs should have an Audit Committee of the Board (ACB) which meets atleast at quarterly intervals. The ACB should peruse the findings of the various audits. ACB should ensure efficacy and adequacy of the audit function.

ii. 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.

iii. The scope of concurrent audit should include monitoring of broker wise limits, prudential limits laid down in RBI circulars and guidelines, accuracy and timely submission of all regulatory returns, reconciliation of SGL/ CSGL balances with PDO statements, reconciliation of current account balance with DAD statements, settlements through CCIL, stipulations with respect to short sale deals, when-issued transactions, constituent deals, money market deals, adherence to accounting standards, verification of deal slips, reasons of cancellation of deals, if any, transactions with related parties on "arms length basis" etc.

iv. PDs should have a system of internal audit focused on monitoring the efficacy and adequacy of internal control systems.

v. 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.

vi. 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.

vii. 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.

viii. 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.

ix. 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. With respect to transactions matched on the NDS-OM module, the need for counterparty confirmation of deals matched on NDS-OM does not arise.

x. 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.

xi. 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 books of account should be independently prepared.

xii. 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.

6.2 Purchase/Sale of securities through SGL transfer forms

All PDs should report / conclude their transactions on NDS / NDS(OM) and clear/settle them through CCIL as central counter-party. In such cases where exceptions have been permitted to tender physical SGL transfer forms, the 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.

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

6.4 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, are of revenue/deferred nature. The broken period interest received/paid also get adjusted at the time of coupon payment. PDs can adopt either the IAS or GAAP accounting standards, but has to ensure that the method should be true and fair and should not result in overstating

the profits or assets value and should be followed consistently and be generally acceptable especially to the tax authorities.

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.

6.5 Reconciliation of holdings of Government securities

Balances as per PDs books should be reconciled at least at 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.

6.6. 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.

6.7 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 the 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.

7. Trading of Government Securities on Stock Exchanges

7.1 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.

7.2 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 the 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 is enabled by PDO-Mumbai subject to guidelines issued by RBI’s Department of Government and Bank Accounts (DGBA).

7.3 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.

v. At the time of trade, securities must be available with the PDs either in their SGL or in the demat account.

vi. A standardized settlement on T+1 basis of all outright secondary market transactions in Government Securities has been adopted to provide the participants more processing time for transactions and to help in better funds as well as risk management.

vii. In the case of repo transactions in Government Securities, however, market participants will have the choice of settling the first leg on either T+0 basis or T+1 basis, as per their requirements.

viii. 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.

ix. 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.

x. 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.

8. Business through brokers

8.1 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.

8.2 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.

8.3 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 a separate account of brokerage paid, broker-wise, should be maintained.

8.4 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.

8.5 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.

9. 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, Urban Cooperative banks, other PDs, NBFCs, mutual funds, housing finance companies, insurance companies and any listed company, provided they hold either an SGL account with RBI or a Gilt account with a custodian.
iii. Listed companies can enter into repo transactions subject to the following conditions:
    (a) The minimum period for Reverse Repo (lending of funds) by listed companies is seven days. However, listed companies can borrow funds through repo for shorter periods including overnight;
    (b) Where the listed company is a 'buyer' of securities in the first leg of the repo contract (i.e. lender of funds), the custodian through which the repo transaction is settled should block these securities in the gilt account and ensure that these securities are not further sold or re-repoed during the repo period but are held for delivery under the second leg; and
    (c) The counterparty to the listed companies for repo/reverse repo transactions should be either a bank or a Primary Dealer maintaining SGL Account with the Reserve Bank.
iv. A PD may not enter into a repo with its own constituent or facilitate a repo between two of its constituents.
v. 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.

vi. The purchase/sale price of the securities in the first leg of a repo should be in alignment with the 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.

10. Portfolio Management Services by PDs

10.1 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.

10.2 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.

11. Guidelines on interest rate derivatives

PDs shall adhere to the guidelines laid down in circular DBOD.No.BP.BC.86 /21.04.157 /2006-07 dated April 20, 2007 as applicable to interest rate derivatives.

Reporting

Participants are required to report, as per the proforma indicated in **Annex IX**, their FRAs/ IRS operations on a monthly basis.

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. The report should be furnished within a fortnight of payment of dividend.

13. Guidelines on Corporate Governance

PDs may adhere to circular DNBS.PD/CC 94/03.10.042/2006-07 dated May 8, 2007 on guidelines on corporate governance.

14. 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs

PDs shall adhere to the guidelines contained in circular DNBS(PD).CC.68 /03.10.042/2005-06 dated April 5, 2006.

15. Violation/Circumvention of Instructions

Any violation/circumvention of the above guidelines or the terms and conditions of the undertaking executed by a Primary Dealer with the Reserve Bank of India (Annex I) 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 imposition of monetary penalty or liquidated damages, as the Reserve Bank may deem fit.

Annex I

UNDERTAKING

To

The Chief General Manager-in-Charge,
Internal Debt Management Department,
Reserve Bank of India,
Central Office Building,
Mumbai-400 001.

By

……………………………………………………………..
Registered Office …………………………………………..
…………………………………………………………………
………………………………………………………………….

WHEREAS the Reserve Bank of India (RBI) has offered in principle to admit us as a Primary Dealer in Government securities in accordance with the Guidelines dated January 1, 2002 for the Primary Dealers in Government Securities Market.

AND WHEREAS as a precondition to our being authorised as a Primary Dealer we are required to furnish an undertaking covering the relative terms and conditions

AND WHEREAS at the duly convened Board of Directors meeting of ________________ on __________, the Board has authorised Shri/Smt./Kum. _________________ and Shri/Smt./Kum. __________________ to execute and furnish an UNDERTAKING to the Reserve Bank of India jointly and severally as set out below:

NOW, THEREFORE, in consideration of the RBI agreeing to admit us as a Primary Dealer, we hereby undertake and agree:

1. To commit to aggregatively bid in the auction of Treasury Bills and Government of India Dated Securities, to the extent of …….per cent of each issue of auction Treasury Bills and for a minimum amount equal to the underwriting commitment (allotted under Minimum Underwriting Commitment and Additional Competitive Underwriting) for Government of India Dated Securities and to maintain the success ratio in aggregate winning bids at not less than 40 per cent for Treasury Bills.

2. To offer to underwrite primary issues of Government of India dated securities, Treasury Bills and State Government securities, for which auction is held, and accept devolvement, if any, of any amount as may be determined by RBI in terms of prevalent scheme for Bidding, Underwriting.

3. To determine prudential ceilings, with the prior approval of the Board of Directors of the company, for reliance on borrowings from the money market including repos, as a multiple of net owned funds, subject to the guidelines, if any, issued by the Reserve Bank in this regard.

4. To offer firm two-way quotes through the Negotiated Dealing System/ over the counter telephone market/ recognised Stock Exchanges in India and deal in the secondary market in Government dated securities and Treasury Bills of varying maturity from time to time and take principal positions.

5. To achieve a sizeable portfolio in Government securities and to actively trade in the Government securities market.

6. To achieve an annual turnover of not less than 5 times in Government dated securities and not less than 10 times in Treasury Bills of the average of month-end stocks subject to the turnover in respect of outright transactions being not less than 3 times in government dated securities and 6 times in Treasury Bills.

7. To maintain the capital adequacy standards prescribed by the Reserve Bank of India, Internal Debt Management Department vide circular IDMD.No.01/(PDRS) 03.64.00 /2003-04 January 07, 2004 and to subject ourselves to all prudential and regulatory guidelines as may be issued by the Reserve Bank of India, Internal Debt Management Department from time to time.

8. To maintain infrastructure in terms of both physical apparatus and skilled manpower for efficient participation in primary issues, trading in the secondary market, and for providing portfolio advice and education to investors.

9. To continue to have in place the “Guidelines on Securities Transaction to be followed by Primary Dealers” issued under cover of IDMC.No.PDRS/2049-A/03.64.00/99-2000 dated December 31, 1999 and Master Circulars issued from time to time as also other necessary internal control systems for fair conduct of business and settlement of trades and maintenance of accounts.

10. To comply with all applicable Reserve Bank of India/Securities and Exchange Board of India (SEBI) requirements under the guidelines existing, and which may be laid down from time to time in this behalf, failing which RBI would be at liberty to cancel the authorisation as a Primary Dealer.

11. To abide by the code of conduct as laid down by RBI/SEBI or the Primary Dealers’ Association of India.

12. To maintain and preserve such information, records, books and documents pertaining to our working as a Primary Dealer as may be specified by the RBI from time to time.

13. To permit the RBI to inspect all records, books, information, documents and make available the records to the Inspectors and render all necessary assistance.

14. To maintain at all times a minimum net owned funds of Rs. 50 crore in Government securities and that the liquidity support, if any, availed and net

borrowings from call money market and net repo borrowings are dedicated exclusively to the Government securities business.

15. To maintain an arms length distance from parent company/promoters.

16. To obtain prior approval of Reserve Bank of India for any change in the shareholding pattern of the company.

17. To submit in prescribed formats periodic reports including daily transactions and market information, monthly report of details of transactions in securities and risk position and performance with regard to participation in auctions, annual audited accounts and an annual performance review and such statements, certificates and other documents and information as may be specified by RBI from time to time.

18. To report the matter immediately to RBI and abide by such orders, instructions, decisions or rulings given by the RBI if and when any kind of investigation/inquiry/inspection is initiated against us by statutory/regulatory authorities, e.g. SEBI/RBI, Stock Exchanges, Enforcement Directorate, Income-tax authorities, etc.

19. To pay an amount of Rupees Five Lakh, or as applicable, to the Reserve Bank, for violation of any of the instructions issued by the Reserve Bank in the matter or for non-compliance with any of the undertakings given hereinabove.

We do hereby confirm that the above undertakings will be binding on our successors and assigns.

Dated this day of Two Thousand …………..

Signed, sealed and delivered by the within named,)
being the authorized persons, in terms of the)
Resolution No._______ of the Board of Directors)
at the duly convened Meeting held on___________)
in the in the presence of _______________)

Signatory (i)
(ii)
Witness (i)
(ii)

Annex II

A. 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.	PDR IV*	Quarterly	15th of the month of the month following the reporting quarter	
5.	Return on FRAs / IRS	Monthly	10th of the following month	
6.	Annual Report & Annual Audited A/cs	Annual	As soon as annual accounts audited and finalised	
7.	Auditor's Certificate on Net Owned Funds	Yearly	30th June	
8.	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
9.	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
10.	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.***

B. 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.187/07.01.279/1999-2000 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.	Information for Issue of Commercial Paper	On each issue of CP	MPD	IECD.2/08.15.01/2001-02 dated July 23, 2001

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

Annex III

Illustration showing the underwriting amount, cut off rate of underwriting fee accepted by Reserve Bank of India

	Instrument Name	XXXXXXXX		
	Auction Type	Multiple		
	Notified amount (NA) (in Rs. crore)	4000		
	No. of Standalone PDs	17		
	No. of Bank-PDs	0		
	Total No. of PDs (n)	17		
a	Minimum Underwriting Commitment (MUC)	2000		
b	Per PD MUC (MUC/ n)	117.65	Rounded off Value	118
c	Adjusted MUC	2006		
d	Additional competitive underwriting ACU = (NA - Adjusted MUC)	1994		
e	Minimum bidding by each PD in ACU (3% of NA)	120		
f	Minimum allotment to a PD to be eligible for higher commission on MUC i.e. min 4% of NA	160		

Additional Competitive Underwriting (Bids Submitted)							
		a	b	c	d		
S. No	PDs participated in U/W	Amount of bid in ACU (Rs. Crore)	Cumulative Amount (Rs. Cr)	Underwriting fee (in paise)	Amount of bid x U/w fee		
1	A	150	150	1.52	228		
2	B	155	305	2.56	396.8	Three lowest bids	
3	A	60	365	3.5	210		
4	C	95	460	3.7	351.5		
5	B	200	660	3.94	788		
6	B	25	685	4	100		
7	D	120	805	4	480		
8	E	95	900	4.49	426.55		
9	F	70	970	4.5	315		
10	G	50	1020	4.75	237.5		
11	E	115	1135	4.9	563.5		
12	C	90	1225	4.94	444.6		
13	F	220	1445	4.95	1089		

14	G	200	1645	5	1000		
15	H	120	1765	5	600		
16	I	120	1885	5	600		
17	I	109	1994	5	545	CUT-OFF	1994
18	I	25	2019	5.5	137.5		
19	J	120	2139	5.94	712.8		
20	K	120	2259	6	720		
21	L	120	2379	6	720		
22	M	55	2434	6.5	357.5		
23	N	120	2554	6.94	832.8		
24	O	120	2674	7	840		
25	P	120	2794	7	840		
26	Q	120	2914	7	840		
Rate of commission payable to Winner(#) PDs on MUC @				4.20			
Rate of commission payable to other PDs on MUC *				2.29			
					(three lowest bids)		
#	Winner PDs are those who have been alloted an amount >= 4% of ACU amount						
@	Weighted Average Commission of all alloted bids						
*	Weighted Average Commission of three lowest alloted bids						

PD Wise eligible commission on ACU and ACU Allotment			
[1]	[2]	[3]	[4]=[2] x [3]
Successful PDs	Successful bids in ACU (Rs. Cr)	Underwriting fee bid (in paise)	bid wise comm. payable on ACU (In Rs.)
A	150	1.52	228
A	60	3.5	210
A Total	210		438
B	155	2.56	396.8
B	200	3.94	788
B	25	4	100
B Total	380		1284.8
C	95	3.7	351.5
C	90	4.94	444.6
C Total	185		796.1
D	120	4	480
D Total	120		480
E	95	4.49	426.55
E	115	4.9	563.5
E Total	210		990.05
F	70	4.5	315
F	220	4.95	1089

F Total	290		1404
G	50	4.75	237.5
G	200	5	1000
G Total	250		1237.5
H	120	5	600
H Total	120		600
I	120	5	600
I	109	5	545
I Total	229		1145

PD Wise eligible commission on MCU, Total commission payable and Total Allotment							
						(in Rs.)	(in Rs. cr)
		[1]	[2]	[3]	[4]	[5]	MUC + [1]
Sno	Successful PDs	Total Allotment in ACU Auction to PD (Rs. Cr)	PD Wise Commission on ACU (in Rs.)	Winner PD# if [1] ≥ 4% of NA	Commission payable on MUC (in Rs.)	Total Comm. On MUC & ACU [2] + [4]	Total Allotment in MUC & ACU
1	A Total	210	438.00	YES	495638.47	496076.47	328
2	B Total	380	1284.80	YES	495638.47	496923.27	498
3	C Total	185	796.10	YES	495638.47	496434.57	303
4	D Total	120	480.00	NO	269880.55	270360.55	238
5	E Total	210	990.05	YES	495638.47	496628.52	328
6	F Total	290	1404.00	YES	495638.47	497042.47	408
7	G Total	250	1237.50	YES	495638.47	496875.97	368
8	H Total	120	600.00	NO	269880.55	270480.55	238
9	I Total	229	1145.00	YES	495638.47	496783.47	347
					Total	4017605.804	
	Total	1994				Total allotment to successful PDs	3056

	PDs below cut-off	**Total Allotment in ACU Auction to PD (Rs. Cr)**	**PD Wise Total Commission on ACU (in Rs.)**	**Commission payable on MUC (in Rs.)**	**Total Comm.**	**Total Allotment (in Rs. cr)**
1	**J**	0	0	269880.55	269880.55	118
2	K	0	0	269880.55	269880.55	118
3	L	0	0	269880.55	269880.55	118
4	M	0	0	269880.55	269880.55	118
5	N	0	0	269880.55	269880.55	118
6	O	0	0	269880.55	269880.55	118
7	P	0	0	269880.55	269880.55	118

8	Q	0	0	269880.55	269880.55	118
Total allotment to PDs below cut-off						944
Total coverage of Notified amount (in Rs. crore)						4000
(coverage %age)						1
Total commission payable (before rounding)					6176650.19	

Annex IV

Illustrations showing adherence by PDs to Commitments on aggregative bidding in auction of Treasury Bills and success ratio

1. A PD has committed to bid aggregatively Rs. 500 crore GOI Treasury Bills as shown below. The success ratio to be maintained by the PD is 40 per cent in respect of Treasury Bills. Various scenarios in respect of fulfillment of the bidding commitment and the success ratio assuming that the bids tendered and the bids accepted will be as under:

(1) Treasury Bills: **(Rs. crore)**

SCENARIOS		(I)	(II)	(III)
Bidding Commitment	(a)	**500**	**500**	**500**
Bids Tendered	(b)	600	500	400
Bids Accepted	(c)	**300**	**200**	**100**
Success Ratio Achieved (c)/(a)		60%	40%	20%
Fulfilment of Bidding Commitment		Yes	Yes	No
Fulfilment of Success Ratio		Yes	Yes	No
Success ratio in Treasury Bills is the ratio of bids accepted and bidding commitment.				

Annex V

PDR I Return				
	Name of PD:			
	Net Owned Funds(as per last b/s):			
	Return for fortnight ending:			
		date wise fortnightly statement		
1				
A	**Outright purchases (Face Value)**			
	(i) Government Securities and Treasury bills			
	(ii) Other securities			
B	**Outright sales (Face Value)**			
	(i) Government Securities and Treasury bills			
	(ii) Other securities			
C	**Repo transactions**			
	i) Borrowing (amount)			
	- from Reserve Bank of India			
	- from the market			
	ii) Lending (amount)			
	- to Reserve Bank of India			
	- to the market			
D	**Call Money transactions**			
	- Borrowing			
	- Lending			
2	**Outstanding balances (Settled position figures)**			
A	**Sources of Funds**			
	a) Net Owned funds (as per last audited balance sheet)			
	b) Current years accruals under profit /loss account			
	c) Call Money Borrowings			
	d) Notice/Term Money borrowings			
	e) Borrowing from RBI under Assured Support/LAF			
	f) Repo borrowing from market			
	g)Borrowing under CBLO			
	h) Borrowing under credit lines of banks/FIs			
	i) Borrowings through Inter-Corporate Deposits			
	- maturing up to 14 days			

	- maturing beyond 14 days			
	j)FCNR(B) Loans			
	k) Commercial Paper/ Bond issuances			
	k) Others (Give details for items in excess of Rs 10 crore)			
	Total			
B	**Application of Funds**			
	a) Government Securities & Treasury bills (Book value)@			
	i) Own Stock			
	ii) Stock with RBI under Assured Support/LAF			
	iii) Stock with market for repo borrowing			
	b) Lending in Call money Market			
	c) Lending in Call/Notice/ Term money market			
	d) Repo Lending to market			
	e)Lending under CBLO			
	f) Repo lending to RBI			
	g) Corporate /PSU/FI Bonds			
	h) Investment in shares			
	i) Investment in Mutual funds schemes			
	- debt oriented			
	- equity oriented			
	j) Investment in Subsidiaries.			
	k) Other finacial assets if any			
	l) Fixed Assets			
	m) Others (Give details for items in excess of Rs 10 crore)			
	Total			
	Own Stock position (SGL Balance) (Face value)			
	i) Treasury bills			
	ii) Dated Government Securities			
3	**Portfolio duration for Government Securities**			
	VaR for the day (with prescribed holding period) as % of portfolio			
@ Exclude stock received as pledge for repo lending to RBI/market participants and also				
the stock reported under a (ii) and a (iii).				

PDR – II Format **Annex VI**

PRIMARY DEALER'S MONTHLY REPORT		Form PDR 2

Name of the Primary Dealer
Statement as at the end of :

(Rs. in crores) Cumulative figures

SECTION A - SECURITES MARKETS TURNOVER

		Dated GOI securities	State Govt. Securities	T-bills	Total
I.	**PRIMARY MARKET**				
	NEW SUBSCRIPTIONS				
i)	Bidding commitment*		N.A.		
ii)	Bids Tendered**				
iii)	Non-competive bids				
iv)	Bids Accepted (**A**)				
v)	Success Ratio	N.A	N.A		
	REDEMPTIONS (B)				
II.	**TOTAL = I(A)+I(B)**				
III.	**UNDERWRITING**				
i)	Amount offered for underwriting			N.A.	
ii)	Amount of underwriting accepted by RBI			N.A.	
iii)	Amount of devolvement			N.A.	
iv)	Underwriting fee received			N.A.	
IV.	**SECONDARY MARKET TURNOVER - OTC**				
	OUTRIGHT (including OMO)				
i)	Purchases				
ii)	Sales				
	TOTAL OUTRIGHT TURNOVER (A)				
	Of which deals done with non-NDS members :				
i)	Purchases				
ii)	Sales				
	REPURCHASE AGREEMENTS				
i)	Repo (both legs)				
ii)	Reverse Repo (both legs)				
	TOTAL REPOS TURNOVER (B)				
V.	**Total Turnover - OTC (IV(A)+IV(B))**				
VI.	**SECONDARY MARKET TURNOVER - STOCK EXCHANGES**				
i)	Purchases		N.A.	N.A.	
ii)	Sales		N.A.	N.A.	
	Total (VI)		N.A.	N.A.	
VII.	**TOTAL SECONDARY MARKET TURNOVER (V+VI)**				
	TOTAL TURNOVER (II+VII)				

* In case of Dated Government Securities, bidding commitment is total underwriting allotment (MUC+ACU)

** Includes applications made under tap issues (normally applicable to State Loans)

VIII TURNOVER IN EQUITY SHARES AND EQUITY LINKED MUTUAL FUND UNITS

		Purchases	Sales
A.	**Equity Shares**		
a.	Primary Market		
b.	Secondary Market		

		Purchases	Sales
B	**Equity Linked Mutual Funds**		
a.	Primary Market		
b.	Secondary Market		

IX. CALL/NOTICE MONEY/TERM MONEY
(average on daily product basis)

i)	Borrowings	
ii)	Lendings	
iii)	Net borrowing	

XI. LIQUIDITY SUPPORT AVAILED FROM RBI
(average on daily product basis)

Signature

SECTION - B: EXCHANGE TRADED INTEREST RATE DERIVATIVES

	NPA** of the futures contract outstanding at the beginning of the month	NPA of the futures contract entered into during the month	NPA of the futures contract reversed during the month	NPA of the futures contract outstanding at the end of the month
I. Activity during the month				
91-Day T-bill				
month 1				
month2				
month3				
10 year zero coupon bond				
month 1				
month2				
month3				
10 year notional bond				
month 1				
month2				
month3				

(NPA is to be furnished according to the underlying interest exposure wise break up)

II. Analysis of "highly effective" hedges

A certificate from Concurrent Auditors stating that the size of the hedge portfolio and that the hedge is highly effective as per the definition of RBI circular dated June 3, 2003

III. Analysis of trading positions

	NPA of the Trading Futures Position	MTM value of the trading futures position
91-Day T-bill		
month2		
month3		
10 year zero coupon bond		
month2		
month3		
10 year notional bond		
month2		
month3		

** NPA = Notional Principal Amount

Signature

Annex VII

Name of the Primary Dealer :				**PDR – IV**
Quarterly return on select Financial & Balance Sheet indicators for quarter ended				
				(Rs. in crore)
I. BALANCE SHEET INDICATORS			Quarter ended	Previous
			(cumulative)	Quarter
SOURCES OF FUNDS				
	Share Capital			
	Reserves & Surplus			
	Deposits, if any			
	Secured loans			
	Unsecured loans			
	TOTAL			
APPLICATION OF FUNDS				
	Fixed Assets			
		Gross Block		
		less Depreciation		
		Net block		
		Add Capital work in progress		
	Investments			
		a. Govt. Securities		
		1. Dated GOI securities		
		2. State Govt. Securities		
		3. T-bills		
		b. Others (Specify)		
	Current Assets, Loans and Advances			
		(A) Current Assets		
		Accrued Interest		
		Stock-in-Trade		
		Cash& Bank balance		
		(B) Loans & Advances		
		Less:		
		Current Liabilities and provisions		
		Liabilities		
		Provisions		
	Net Current Assets			

	Deferred Tax			
	Miscellaneous Expenses not written off			
	Others (specify)			
	TOTAL			
			Quarter ended	Previous
II. P& L INDICATORS			(cumulative)	Quarter
-				
INCOME				
	Discount Income			
		1. G-secs		
		2. Others		
	Interest Income			
		1. G-secs		
		2. Call/Term		
		3. Repo		
		4. Others		
	Trading Profits			
		1.G-secs		
		2.Others		
	Other Income			
		1. G-secs		
		2. Others (specify)		
	TOTAL INCOME			
EXPENDITURE				
	Interest Expenses			
		1. Call/Term		
		2. Repo		
		3. Borrowing from RBI		
		4. Others		
	Operating Expenses			
	Establishment & Administrative Expenses			
	Provisions against doubtful assets			
	Depreciation on Fixed Assets			
	Other expenses (specify)			

	TOTAL EXPENDITURE			
	PROFIT BEFORE TAX			
	Less provision for taxation and deferred tax			
	PROFIT AFTER TAX			
III. FINANCIAL INDICATORS				
	Certain Key Figures			
	Dividend paid/proposed			
	Retained earnings			
	Average Earning assets			
	Average Non-earning assets			
***	Average total assets			
		1. Average dated G-secs (Central and State)		
		2. Average T-Bills		
		3. Other average assets		
****	Average Interest bearing liabilities			
		1. Call borrowing		
		2. Repo		
		3. Borrowing from RBI		
		4. Others		
	Average yield on assets			
		(Total interest income/Average Earning Assets)		
	Average cost of funds			
		(Total interest expended/Average interest bearing liabilities)		
	Net interest income			
	Non-interest income			
	Non-interest expenditure			
	Net total income			
	Measures of Return			
	Return on Assets			
	Before tax	(PBT/Ave.Total Assets)		
	After tax	(PAT/Ave.Total Assets)		
	Return on average Equity			
	Before tax (PBT/Ave.Equity)			
	After tax	(PAT/Ave.Equity)		
	Return on Capital Employed			

	Before tax (PBT/(Owners' Equity+Total Debt))			
	After Tax (PAT/(Owners' Equity+Total Debt))			
	Net Margin Analysis			
	Net Margin (PAT/Total Income)			
	Interest expenses/Total income			
			Quarter ended	Previous
IV. PERFORMANCE INDICATORS			(cumulative)	Quarter
	NOF (Rs. in crore)			
	CRAR (as %)			
	Average duration of the Portfolio (in years)			
	Average leverage (as ratio)			
	Effect of 1% shock in yields on portfolio value			
	(Rs. in crore)			
*****	MTM value of all securities (Rs. in crore)			
Notes:				
	1. The details of share capital, reserves,etc. may be enclosed as Annexes.			
	2. Where average figures are involved, it may be taken to mean as average of			
	month end balances.			
***	Average assets refers to the simple average of month end book balance.			
****	Average liabilities refers to the simple average of month end book balance.			
*****	Before adjusting Repo transactions and MTM depreciation on IRS transactions.			
				Signature

Annex VIII

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 IX

Monthly Return on Interest Rate Risk of Rupee Derivatives		
As at end-month		
Name of the Bank/Institution:		
1. Cash Bonds	***Market Value (Rs. in Crore)***	***PV01(Rs. in Crore)***
(a)	***(b)***	***(c)***
(a) HFT		*(See Note 1)*
(b) AFS		*(See Note 1)*
(c) HTM		*(See Note 1)*
Total [(a) to (c) above]		
2. Rupee Interest Rate Derivatives	***Notional Amount (Rs. in Crore)***	***PV01(Rs. in Crore)***
(a) Bond Futures		*(See Note 1)*
(b) MIBOR (OIS)		*(See Note 2)*
(c) MIFOR		*(See Note 2)*
(d) G-Sec benchmarks		*(See Note2)*
(e) Other benchmarks (Please report separately)		*(See Note 2&4)*
(f) Forward Rate Agreements		*(See Note 3)*
Total [(a) to (f) above]		
3. Grand Total of (1) & (2)		
4. Tier I Capital		
Note 1. PV01 may be taken as POSITIVE for long positions and NEGATIVE for short positions.		
Note 2. PV01 may be taken as POSITIVE if receiving a swap and NEGATIVE if paying a swap.		
Note 3. For FRAs, use the PVO1 of the underlying deposit/instrument.		
Note 4. In 2 (e) above, swaps on other benchmarks such as LIBOR may be reported separately for each benchmark		

Annex X

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.4135 /03.64.00/2000-01	April 19,2001	Scheme for Bidding, Underwriting and Liquidity support to Primary Dealers
5	IDMC.PDRS.87. /03.64.00/2001-02	July 5, 2001	Liquidity support to Primary Dealers
6	IDMC.PDRS.1382. /03.64.00/2000-01	September 18,2001	Dematerialised holding of bonds and debentures
7	IDMC.PDRS.3369. /03.64.00/2001-02	January 17, 2002	Guidelines on Counter party limits and Inter-corporate deposits
8	IDMC.PDRS.4881 /03.64.00/2001-02	May 8,2002	Guidelines to Primary Dealers
9	IDMC.PDRS.5018. /03.64.00/2001-02	May 17, 2002	Scheme for Bidding, Underwriting and liquidity support to Primary dealers 2001-02
10	IDMC.PDRS.5039. /03.64.00/2001-02	May 20,2002	Transactions in Government securities
11	IDMC.PDRS.5323. /03.64.00/2001-02	June 10,2002	Transactions in Government securities
12	IDMC.PDRS.418. /03.64.00/2002-03	July 26,2002	Publication of Financial results
13	IDMC.PDRS.1724. /03.64.00/2002-03	October 23,2002	Underwriting of Government dated securities by Primary Dealers
14	IDMC.PDRS.2269. /03.64.00/2002-03	November 28,2002	Publication of Financial results
15	IDMC.PDRS.2896. /03.64.00/2002-03	January 14, 2003	Trading in Government securities on Stock Exchanges
16	IDMC.PDRS.3432. /03.64.00/2002-03	February 21, 2003	Ready Forward Contracts
17	IDMC.PDRS.3820. /03.64.00/2002-03	March 24,2003	Availment of FCNR(B) loans by Primary Dealers
18	IDMC.PDRS.1. /03.64.00/2002-03	April 10,2003	Portfolio Management Services by Primary Dealers – Guidelines
19	IDMC.PDRS.4802. /03.64.00/2002-03	June 3, 2003	Guidelines on Exchange Traded Interest Rate Derivatives
20	IDMC.PDRS.122. /03.64.00/2002-03	September 22, 2003	Rationalisation of returns submitted by Primary Dealers

21	IDMD. PDRS.No.3/ /03.64.00/2003-04	March 08,2004	Prudential guidelines on investment in non-Government securities
22	IDMD.PDRS.05/ 10.02.01/2003-04	March 29,2004	Transactions in Government Securities
23	IDMD.PDRS. No06/ 03.64.00/2003-04	June 03,2004	Declaration of dividend by Primary Dealers
24	RBI /2004-05/ 66 – IDMD.PDRS. 01 10.02.01/2004-05	July 23, 2004	Transactions in Government securities
25	RBI /2004-05/67 - IDMD.PDRS. 02 /03.64.00/2004-05	July 23,2004	Success Ratio in Treasury Bill auctions for Primary Dealers
26	RBI/2004-05/ 136 – IDMD.PDRS.No/ 03 /10.02.16/2004-05	August 24,2004	Dematerialization of Primary Dealer's investment in equity
27	RBI/2005/459/IDMD.PDRS/4783/10.02.01/2004-05	May 11, 2005	Government Securities Transactions – T+1 settlement
28	RBI/2005/460/IDMD.PDRS/4779/10.02.01/2004-05	May 11, 2005	Ready Forward Contracts
29	RBI/2005/474/IDMD.PDRS/4907/03.64.00/2004-05	May 19, 2005	Conduct of Dated Government Securities Auction under Primary Market Operations (PMO) module of PDO-NDS – Payment of Underwriting Commission
30	RBI/2005-06/ 73 IDMD.PDRS. 337 /10.02.01/2005-06	July 20, 2005	Transactions in Government Securities
31	RBI/2005-06/132 IDMD.No. 766/10.26.65A/2005-06	August 22, 2005	NDS-OM – Counterparty Confirmation
32	RBI/2005-06/308 DBOD.FSD.BC.No. 64/24.92.001/2005-06	February 27, 2006	Guidelines for banks' undertaking PD business
33	RBI/2005-06/347 IDMD.PDRS.No.3007/03.64.00/2005-06	April 4, 2006	Revised Scheme of Underwriting Commitment and Liquidity Support
34	RBI/2006-07/49 IDMD.PDRS/26/03.64.00/2006-07	July 4, 2006	Diversification of activities by stand-alone Primary Dealers-Operational Guidelines