

January 01, 2008

**All NDS-OM members**

Dear Sirs,

**'When Issued (WI)' transactions in Central Government Securities**

As part of restructuring of the debt issuance framework in the light of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003, 'When Issued (WI)' transactions in re-issues of the Central Government dated securities were permitted vide circular IDMD.No/3426 /11.01.01 (D)/2005-06 dated May 3, 2006. The same was extended to newly issued securities vide IDMD.No/2130 / 11.01.01 (D)/ 2006-07 dated November 16, 2006.

2. As per the above guidelines, 'WI' transactions are permitted to be undertaken only on the Negotiated Dealing System- Order Matching (NDS-OM) platform. In terms of the announcement made vide paragraphs 126 and 127 of the Mid-Term Review of the Annual Policy Statement 2007-08, it has now been decided to permit undertaking of the cover leg of the 'WI' transactions even outside the NDS-OM platform, i.e., through telephone market. **The originating transactions (sale or purchase of 'WI' securities) shall continue to be undertaken on the NDS-OM platform only.**

3. The above measure will be made operational once the necessary software modifications for enabling reporting of 'WI' trades on NDS are carried out. This will be separately communicated to the market participants.

4. All entities permitted to undertake 'WI' trading may put in place proper internal controls and systems to ensure that the 'WI' limits are adhered to, taking into account the cover operations done both on and outside the NDS-OM platform.

5. All other terms and conditions specified in the above circulars remain unchanged.

Yours faithfully,

(K. V. Rajan)  
Chief General Manager