

RBI /2007-08/335

IDMD.DOD.No. 5893 /10.25.66/ 2007-08

May 27, 2008

All SGL/CSGL Account holders

Dear Sirs,

NDS – Order Matching (OM) System – Access through the CSGL Route

As you are aware, the Order Matching segment on the NDS (NDS-OM) for trading in Government securities was launched in August 2005. Direct access to NDS-OM was initially extended to the Banks and the Primary Dealers and later to other NDS members such as the Insurance Companies, Mutual Funds and larger Provident Funds for their proprietary deals. To widen the reach of the NDS-OM, indirect access through the CSGL route was extended vide our circular IDMD.DOD.No.5341 /10.25.66/ 2006-07 dated May 25, 2007 to certain qualified entities, viz., deposit taking NBFCs, Provident Funds, Pension Funds, Mutual Funds, Insurance Companies, Cooperative banks, the Regional Rural Banks and the Trusts maintaining gilt accounts with the NDS members. Such indirect access was further extended, vide our circular IDMD.DOD.No. 2605 /10.25.66/ 2007-08 dated November 27, 2007, to the Systemically Important Non-Deposit taking NBFCs (NBFC-ND-SI).

2. As announced in paragraph 123 of the Annual Policy Statement for the year 2008-09, it has now been decided to extend indirect access of the NDS-OM to other segments of investors, such as, other non-deposit taking NBFCs, Corporates and Foreign Institutional Investors (FIIs). These entities can now place orders on NDS-OM through direct NDS-OM members viz., banks & PDs using the CSGL route. Such trades will settle through the CSGL account and current account of the NDS-OM member. Accordingly, access to the NDS-OM would now be available as under:

a) Direct access: Banks including scheduled Urban Cooperative Banks, Primary Dealers, Insurance Companies, Mutual Funds, Financial Institutions (such as, Exim bank, National Bank for Agricultural and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Deposit Insurance and Credit Guarantee Corporation (DICGC), and larger Provident Funds.

b) Indirect access (i.e., through the CSGL route): NBFCs, Provident Funds, Pension Funds, Mutual Funds, Insurance Companies, Cooperative Banks, Regional Rural Banks, Trusts, Foreign Institutional Investors (FIIs), and Corporates.

4. All other terms and conditions specified in our circular dated May 25, 2007 remain unchanged.

5. All other guidelines as regards maintenance of 'gilt accounts' and investments on behalf of 'gilt account' holders as applicable to the NDS members may be adhered to while undertaking 'constituent deals' on NDS-OM.

Yours faithfully,

(K.V. Rajan)
Chief General Manager