



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA
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RBI/2011-12/335

UBD. BPD (PCB) No.17/12.05.001/2011-12

January 3, 2012

Chief Executive Officer
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

Negotiated Dealing System (NDS) – Order Matching (OM) – Grant of membership to UCBs

Please refer to [circular UBD.BPD. \(PCB\). Cir. No. 24 /12.05.001/2010-11 dated November 16, 2010](#) in terms of which all licensed UCBs, other than those under all inclusive Directions issued under Section 35A of the Banking Regulation Act, 1949 (AACS), were permitted to open Current Account and Subsidiary General Ledger Account with the Reserve Bank and take up membership of the Indian Financial Network (INFINET).

2. In the Monetary Policy Statement 2011-12, it was announced that well managed and financially sound UCBs would be permitted to become members of the Negotiated Dealing System (NDS). The relevant paragraph of the Monetary Policy Statement is reproduced below:

“Para 104 - Pursuant to the Second Quarter Review of November 2010, all licensed UCBs were allowed the facility of Indian Financial Network (INFINET) membership, Current and Subsidiary General Ledger (SGL) accounts with the Reserve Bank and Real Time Gross Settlement (RTGS) membership to well managed and financially sound UCBs having a minimum networth of Rs. 25 crore. In order to further enable UCBs to serve their customers better, it is now proposed:

to permit well managed and financially sound UCBs to become members of the negotiated dealing system (NDS)”.

3. We enclose a copy of [circular IDMD. DOD.No.13 /10.25.66 / 2011-12 dated November 18, 2011](#) issued by the Internal Debt Management Department (IDMD) of the Reserve Bank, prescribing the criteria for licensed UCBs to obtain direct access to NDS-OM. In terms of the circular, eligible UCBs are required to obtain a No objection certificate from the regulatory department (Urban Banks Department) while applying to IDMD for NDS-OM membership. Accordingly, UCBs fulfilling the criteria prescribed in the above IDMD circular and desiring to obtain NDS-OM membership may approach the CGM-in-charge, Urban Banks Department, Reserve Bank of India, Central Office, Mumbai – 400 018 for regulatory clearance before applying to IDMD for NDS-OM membership.

4. Eligible UCBs, applying for NDS-OM membership, need to have the required infrastructure in place for direct access to NDS-OM and also bear the cost involved in setting up the infrastructure. UCBs may note that after opening a SGL account with the RBI (which is one of the several requirements to be fulfilled by a UCB for obtaining NDS-OM membership), the UCB concerned cannot open / maintain a gilt account with a CSGL account holder. However, such UCBs, can continue to bid for Government securities under the scheme of non-competitive bidding in Government securities.

5. Please acknowledge receipt of the circular to the Regional Office concerned

Yours faithfully,

(A.Udgata)
Chief General Manager-in-Charge

Encl: 2

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