



This circular has been superseded by [Repurchase Transactions \(Repo\) \(Reserve Bank\) Directions, 2018 dated July 24, 2018.](#)

RBI/2012-13/365

IDMD.PCD. 09 /14.03.02/2012-13

January 7, 2013

To All Market Participants

Dear Sir/Madam,

**Revised Guidelines on Ready Forward Contracts in Corporate Debt Securities**

As part of the measures to develop the corporate bond market, repo transactions were permitted in corporate debt securities vide the Directions issued through the notification no IDMD.DOD. 04/11.08.38/ 2009-10 dated January 8, 2010 as amended vide notification no. IDMD.PCD. 21/11.08.38/2010-11 dated November 9, 2010.

2. Taking into consideration the market feedback and suggestions of the Technical Advisory Committee on Money, Foreign Exchange and Government Securities Markets, the Directions have been reviewed and it has been decided as under:

- Repo in corporate debt shall also be permitted on Commercial Papers, Certificates of Deposit and Non Convertible Debentures of less than one year of original maturity.
- The minimum haircut, applicable on the market value of the corporate debt securities prevailing on the date of trade of 1<sup>st</sup> leg, has been revised as under:

| Rating                   | AAA  | AA+  | AA  |
|--------------------------|------|------|-----|
| Existing Minimum Haircut | 10%  | 12%  | 15% |
| Revised Minimum Haircut  | 7.5% | 8.5% | 10% |

The above are minimum stipulated haircuts where the repo period is overnight or where the remargining frequency (in case of longer tenor repos) is daily. In all other cases, the participants may adopt appropriate higher haircuts.

3. The Directions {Repo in Corporate Debt Securities (Amendment) Directions, 2013} issued in this regard vide IDMD.PCD. 08/14.03.02/2012-13 dated January 4, 2013 are enclosed.

Yours faithfully,

(K K Vohra)  
Chief General Manager

**RESERVE BANK OF INDIA  
INTERNAL DEBT MANAGEMENT DEPARTMENT  
23<sup>rd</sup> FLOOR CENTRAL OFFICE  
FORT MUMBAI 400 001**

**Mumbai, January 4, 2013**

**Repo in Corporate Debt Securities (Amendment) Directions, 2013**

In exercise of the powers conferred by Section 45 W of the Reserve Bank of India Act, 1934 and in partial modification of the notification No IDMD.DOD. 04 /11.08.38/2009-10 dated January 8, 2010 as amended from time to time, the Reserve Bank hereby makes the following further amendments to amend the Repo in Corporate Debt Securities (Reserve Bank) Directions, 2010 (hereinafter referred to as the said Directions) namely:

2. (i) In Paragraph 3 of the said Directions:-

(a) for sub paragraph (a), the following shall be substituted:

“(a) Listed corporate debt securities of original maturity of more than one year which are rated ‘AA’ or above by the rating agencies, that are held in the security account of the repo seller, in demat form shall be eligible for undertaking repo; “

(b) and the following sub paragraph shall be added after sub paragraph (a):

“(b) Commercial Papers (CPs), Certificates of Deposit (CDs) and Non-Convertible Debentures (NCDs) of less than one year of original maturity shall also be permitted as eligible security for undertaking repo in corporate debt. Listing requirement indicated in sub paragraph (a) of this paragraph will not be applicable but rating requirement as specified shall apply also for these money market instruments to be eligible as security for undertaking repo in corporate debt.”

(ii) In Paragraph 10 of the said Directions, for sub paragraph (a) the following shall be substituted:

“(a) A rating based haircut as under (or higher as may be decided by the participants depending on the term of the repo and the remargining frequency) shall be applicable on the market value of the corporate debt security prevailing on the date of trade of 1<sup>st</sup> leg.”

| <b>Rating</b>          | <b>AAA</b>   | <b>AA+</b>  | <b>AA</b>  |
|------------------------|--------------|-------------|------------|
| <b>Minimum haircut</b> | <b>7.5 %</b> | <b>8.5%</b> | <b>10%</b> |

3. These Directions may be referred to as the Repo in Corporate Debt Securities (Amendment) Directions, 2013 and the modifications made therein shall be effective from January 8, 2013.

(R Gandhi)  
Executive Director

Ref. IDMD.PCD. 08 /14.03.02/2012-13

Note:- The principal notification No. IDMD.DOD.04/11.08.38/2009-10 dated January 8, 2010 was amended vide Notification No IDMD.PCD.21/11.08.38/2010-11 dated November 9, 2010.