

**All RBI regulated Entities to hold
G-Secs in Demat Form**

May 20, 2002

The Reserve Bank of India, has been, over a period of time, encouraging holding of government securities in dematerialised form. At present 99% of the trading in government securities takes place through SGL accounts with RBI for which the Delivery versus Payment (DVP) system ensures simultaneous transfer of securities against funds.

In the light of recent fraudulent transactions in the guise of Government securities transactions in physical format by a few co-operative banks with the help of some broker entities, it has been decided inter alia that :

1. No further transactions by a RBI regulated entity should be undertaken in physical form with any broker entity with immediate effect.

2. All entities regulated by RBI [including financial institutions (FIs), primary dealers (PDs), cooperative banks, RRBs, local area banks (LABs), non banking financial companies (NBFCs)] should *necessarily* hold their investments in Government securities portfolio in either SGL (with RBI) or CSGL [with a scheduled commercial bank/State Cooperative Bank/PD/FI/sponsor bank (in case of RRBs)] and SHCIL or in a dematerialised account with depositories (NSDL/CDSL).

A copy of the circular issued to banks and other regulated entities is enclosed .

Any regulated entity which requires help in this regard may approach Self Regulatory Organisations who are equipped to tender advice on this subject. These are Primary Dealers Association of India (PDAI) { telephone nos. (022)- 261-1094 / 261-0852 - extn 127 (helpdesk@ pdaindia.org)} or the Fixed Income and Money Market Derivatives Association of India (FIMMDA) {telephone nos.(022)- 202-5729. (email: helpline@fimmda.org)}

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