1. What is NDS-OM?

NDS-OM is a screen based electronic anonymous order matching system for secondary market trading in Government securities owned by RBI. Presently the membership of the system is open to entities like Banks, Primary Dealers, Insurance Companies, Mutual Funds etc. i.e entities who maintain SGL accounts with RBI. These are Primary Members (PM) of NDS and are permitted by RBI to become members of NDS-OM. Gilt Account Holders which have gilt account with the PMs are permitted to have indirect access to the NDS-OM system i.e they can request their Primary Members to place orders on their behalf on the NDS-OM system.

2. What is NDS-OM Web Module?

To further enhance the access of such Gilt Account Holders (herein after referred to as GAHs) to NDS-OM, an internet based web application is provided to such clients who can now have direct access to NDS –OM, the system owned by RBI. The internet based utility permits GAH to directly trade (buying and selling) in Government Securities (G-Sec) in the secondary market. The access is however, subject to controls by respective Primary Member (PM) with whom GAHs have gilt account and current account.

3. Why are the benefits to the GAH over the existing NDS-OM system?

The GAH will have access to the same order book of NDS-OM as the Primary Members. GAH will be in a better position to control their orders (place/modify/cancel/hold/release) and will have access to real time live quotes in the market. Since notifications of orders executed as well as various queries are available online to the GAH, they are better placed to manage their positions. Web based interface that leverages on the gilt accounts already maintained with the custodian Banks/PDs therefore provides an operationally efficient system to retail participant.

4. Which are the entities permitted to access the NDS-OM Web Module?

The potential users of the NDS-OM Web Module are GAHs permitted by RBI to access the NDS OM Web Based Module. So far, GAHs have only the indirect access through CSGL route for placing their order/bid feed into NDS-OM. Now in addition to the indirect access, permitted GAHs can directly deal on the NDS-OM Web system, subject to controls set by PM. The access to the GAH to the NDS-OM Web Based Module is granted on a request made on his behalf by its Primary Member.

5. What is the procedure for access to NDS-OM Web Module by GAH?

On behalf of GAH, PM needs to submit an access request form to CCIL. The Request would be formally addressed to RBI. However, CCIL has been authorized to directly receive and process Access Request Form from PM for operational convenience. A detailed operation flow is contained in Annexure I.

6. What are the guidelines governing access to NDS OM Web Module?

NDS-OM Web Module is only an electronic front end for accessing the main NDS-OM system. All instructions/notifications/circulars/press releases issued by RBI, both current and future, relating to CSGL trades would be binding and applicable. Dealing on NDS-OM Web would also be subject to RBI's NDS-OM Guiding Principles.

7. Does RBI have any relationship with GAHs?

While RBI will facilitate the trading platform for buying and selling of G-Secs, RBI shall not have any relationship, direct or otherwise, with any of the GAH granted access to NDS-OM Web. Further, the RBI has no role in any possible disputes between GAH and PM.

8 What is the role of Primary Member?

PM remains responsible, as the case at present, of all the actions of his GAHs. PM will be responsible for the margin maintenance and settlement of the trades of their GAHs also. Prior to commencement of trade on NDS-OM Web by an eligible authorized GAH user, the PM shall ensure that the various Operational Risk Control Parameters (ORCP) values have been set on NDS-OM Web. For the purpose, PM needs to install an application for its GAHs Management, Risk Management and Bid Management policies and practices. NDS-OM Administrator (CCIL) would create an authorized super-user (Client Head) for the PM for attending to the management activities.

9: How will the Gilt Account Holder access the NDS-OM Web Module?

GAH accesses the trading platform through URL, 'https://www.ndsind.com'. This is common URL for web based NDS-OM as well as for web based Auction. Users of GAH need to select NDS-OM in the option after logging on to the URL. PM will need to arrange for login/password from the CCIL and Digital Certificates from any Government Recognized Certifying Authority designated by RBI, on behalf of GAH. For added security, the digital certificates need to be installed in an e-token as per specifications approved. Without the digital certificate, e-token and the password, the GAH cannot log in to the NDS OM web based module. The Primary member will be responsible for obtaining/renewal and intimating revocation to RBI/CCIL of the Digital Certificate for such GAH users.

10. If the internet connectivity is down, how the client can place the order?

PM will not be able to place orders on behalf of the client in the web based system. However the PM can continue placing orders for the client in the existing system. But these orders will not be subject to the various risk validations that are available in the Web system.

11. What are the charges for this application?

The system is owned by RBI. There are no charges for use of this application by clients. However, since all trades are to be guaranteed and settled by CCIL, PMs will have to pay settlement charges and also continue to deposit adequate margin on behalf of their clients to CCIL.

12. What is the infrastructure requirement at the GAH end?

All NDS OM-Web GAH users would need to use Digital Certificates issued by the designated Certifying Authority obtained by the respective PM, embedded into e-tokens (of the prescribed configuration) supplied to them by their PM. A safe, reliable, stable internet connection with suitable bandwidth is necessary for efficient operations. A modern PC with contemporary configuration, minimum 1 GB RAM, Operating System - Windows XP and above will be required. Only IE Browser - 7 and above can be used for accessing OM-Web.

13. What does GAHs User Management by PM involve?

GAHs Management involves PM's actions like - create 'transactional' users (employees of GAH who can place bids) and 'view only' users (employees of GAH who can only view the bid related queries), modify users, suspend/unlock users, log-off users, obtain and set/reset the login passwords of users, set risk limits, take action on bids submitted by GAHs etc.

14. Who creates Users for the GAH?

Once the GAH is granted access to the NDS-OM Web Module, the Primary Member can create Users under the GAH, who can log into the system. The users once created by the Primary Member have to be approved by the NDS-OM Web Admin at CCIL.

15. What are the different types of Users of the GAH?

There are two types of GAH users (i) Transactional Users - users who can do order management- place/modify/cancel/hold/release and trade. (ii) View Users- who can only view orders/traded placed by various transactional users under the same GAH.

16. Can there be more than one user under one GAH?

Yes. Under one GAH, a PM can create as many users as they wish. The users created by the PM will have to be approved by the NDS OM Web Admin at CCIL.

17. Why are digital certificate and a e-token required for login to the NDS-OM Web Module?

GAH will be accessing the NDS OM Web Based Module over the internet. To prevent unauthorized access and to ensure non-repudiation, RBI has stipulated that a digital certificate has to be obtained for each GAH User from IDRBT. The digital certificate has

to be installed in an e-token which provides the second layer of security. Before a GAH User is created by the PM, the PM has to ensure that the digital certificate and the e-token have been procured for the GAH User.

18. Why the Operational Risk Control Parameters?

Before a GAH User can start dealing on the NDS-OM Web Module, the PM has to set certain operational risk controls as well as limits for each GAH/GAH User, since PM will continue to be responsible for the settlement of trades done by such GAHs. Accordingly PMs have the facility to set operational risk controls in respect of their GAHs who would be given access to NDS-OM Web so as to mitigate risk arising out of their GAH trades. Every order inputted by GAH on NDS-OM Web would be subject to validations against each risk control set by PM before being passed on to the common order book of NDS-OM. Risk Management involves PM's setting risk limits for GAHs before the GAHs can start trading.

19. What are the Operational Risk Control Parameters?

The risk parameters include 'single order limit', 'price/yield range limits' against the last traded price/yield of the security, activity controls (assigning buy/sell privileges to users), 'security stock balance', 'turnover limits (trading limit in terms of gross amount in face value of all [buy + sell] orders of GAH) and 'funding limits' (net aggregate settlement consideration up to which GAH can accumulate net long fund position). Orders beyond the set limits will be rejected.

20. How are the various Operational Risk Control Parameters (ORCP) managed?

All OPRC values are modifiable intra-day, subject to relative modifications being applicable only on a prospective basis i.e., they will not impact in any manner trades already concluded prior to such modification request being received by NDS-OM Web. Every order input by any authorized GAH user shall be validated against each of the OPRC values on funding/trading limits given to individual GAH user set by the PM before routing orders to the NDS-OM. Any order that violates the values prescribed for the concerned GAH and/or individual GAH user would be rejected by NDS-OM Web. Orders that successfully pass through OPRC validations set for a GAH by its PM would travel to the NDS-OM system and would be eligible for being traded in the same manner as any other order on the NDS-OM system following requisite order matching rules, conventions and processes. As GAHs remain the constituents of the PM, the trades will seamlessly settle through the existing settlement infrastructure.

21. Whether pre-funding is required?

The Web based facility is only a front end platform for placing GAH's buy and sell orders. PM continues to be responsible for all actions undertaken by their respective GAHs including the settlement of their securities and funds obligations. In other words, the settlement of the successful orders of GAHs will continue to happen as usual as at

present. Though the PM needs to set the funding limits as part of his risk control measure in the system, no separate pre-funding requirements are set. The Funding Limit is a functionality that enables the PM to put a cap on the total value (net consideration) of orders that a GAH may place on the basis of the terms and conditions mentioned in their mutual agreements.

22. What are the securities that can be traded on NDS-OM Web Module?

All central government securities, state government securities and treasury bills are tradable on the NDS-OM Web Module. The complete list of securities is available on the NDS-OM Web Module.

23. What is minimum order Size? What are the markets available on NDS-OM Web Module?

Since the orders placed on present application merges with main NDS-OM, the trade segment are as same as normal NDS-OM i.e. Standard market and Odd Lot Market. The Lot size for the Standard Market is minimum Rs.5 crore and in multiples of Rs. 5 crore. In the Odd Lot segment the minimum lot size is Rs.10,000 for Central and State Government Securities and Rs.25,000 for Treasury Bills. Presently GAH are not permitted to participate in the When Issued Market. GAH are also not permitted to short sale in government securities market.

24. What the order management functionalities available to the GAH?

On the NDS OM Web Module, the GAH has the functionality to directly place bids and offers. The GAH can modify or cancel his/her outstanding orders. Outstanding orders can also be put on Hold and Released, if required by the GAH. The complete control over his outstanding orders is available to the GAH. The GAH gets real time update about the status of his orders through notifications and pop-ups.

25. What are the various quantity and time conditions available to the GAH?

The various quantity conditions available are as under:

a. **Normal:** By default the amount type will be Normal. A Normal order can get partly traded.
b. **Disclosed:** Disclosed Amount is the part of order amount (In Rs. Crore) which the User is willing to disclose to the market. This is an optional field.
c. **All or None (AON):** By selecting this option, a User specifies that all of the order should be traded in full i.e. no partial trades, should be allowed. This is an optional field.

The various time conditions available are as under:

d. **Day:** Under this time condition, order would remain valid throughout the validity of the trading session. It will be available for trade till session close. By default Time Condition - Day is selected.

e. **IOC (Immediate or Cancel):** If a User wishes his order to be traded immediately, then he could select IOC. Under this condition, when an IOC order is placed, the order would seek for an immediate match, if found it results into a trade; else the IOC order would get cancelled.

f. **GTT (Good Till Time):** Here while placing an order, the User could mention the time up to which the order would be valid and available for trade. Once the User specified order expiry time has been reached the order would get cancelled.

26. What are the Order Matching rules of the NDS-OM system?

CG and SG match on a price- time priority basis and T Bills Match on a yield-time priority basis. For a bid in CG/SG to match with an offer, the bid price has to be equal to or greater than the offer price. For an offer in CG/SG to match with a bid, the offer price has to be equal to or less than the offer price. In case of T Bills, the bid yield has to be equal to or less than the offer yield and vice versa for offers. At the same price/yield, the order which has come first to the system will get priority.

27. Will the orders placed by a GAH match with orders placed by its Primary Member?

The NDS-OM system ensures that orders place by a GAH will not match with its Primary Member. Similarly orders placed by two GAH of the same Primary Member will not match.

28. What are the various Order Management rights available to the Primary Member?

The Primary Member has the right to cancel/hold or release any outstanding order of the GAH. For instance, in case of any connectivity issues at the GAH end, the GAH can request the Primary Member to either cancel or hold his orders. Orders held by the Primary Member can only be released by the Primary Member. Orders placed by the GAH cannot be modified by the Primary Member. Trades once concluded on the NDS OM Web Module cannot be cancelled.

29. Will the orders placed by clients be visible to PM?

The Primary Member being responsible for the settlement of the trades done by the GAH on the NDS OM Web Based Module, will have a view of the Orders placed by the GAH as well as the trades done by the GAH.

30. What are the various Market Queries available to the GAH?

On the NDS-OM Web Module, the GAH has access to real time quotes on various securities as available on the main NDS-OM system. The GAH is able to view the best bid/offer (Market Watch) in various securities as well as the best 10 bid and offers (Market By Price / Market By Order). The GAH also has access to the total Trade information

(Trade Watch) as well as half hourly movement of each security. (Market Movement). Further details are available in the User Manual.

31. What are the various Dealer/Member Queries available to the GAH?

The GAH has an online view of the various orders placed by him which are outstanding, the orders which got executed, the net funds position as well an activity log which provides an audit trail of each order placed by the GAH. The transactional user will be able to view his own orders/trades whereas the View User will be able to view orders/trades done by various transactional users under the same client.

32. How does settlement of trades concluded by GAH on the NDS-OM Web Module take place?

There is no change in the settlement current settlement procedure. The trades concluded by GAH on the NDS-OM Web Module will flow directly in an STP manner to CCIL for settlement. The Primary Member will continue to be responsible for the settlement of such trades as well as maintenance of adequate margins with CCIL in respect of such trades.

33. Does a trade concluded on NDS-OM need to be reported again on PDO-NDS?

A trade concluded on the NDS-OM Web Module need not be reported again on the PDO-NDS Module.