

SECONDARY MARKET PARTICIPATION – NDS OM

1. General Terms

(a) All Retail Direct Investors are eligible to access NDS-OM for secondary market trading. Such investors shall be admitted as constituents of RBI Retail Direct which will be the CSGL account holder under Clearing Corporation and NDS OM.

(b) The Retail Direct Investor will be permitted to access NDS-OM Order Matching segment and RFQ segment through NDS OM Retail portal.

(c) The Retail Direct Investor can trade in Government Securities, in the Odd Lot segment. RDG Account available balances would be transferred to NDS-OM at the beginning of the day.

(d) The Retail Direct Investor can place sell orders only to the extent of balances available in the RDG Account. Other transfers would be permitted in the RDG Account only after end of trading day.

(e) The Retail Direct Investor can place buy orders only after remittance of funds using service like UPI (transfer/block) and net-banking, through payment gateways linked to the NDS-OM Retail Portal. Funds remitted by the Retail Direct Investor shall be received in the designated current account, with the bank providing payment gateway.

(f) Such trades will flow to Clearing Corporation for settlement. Settlement would happen on T+1 day or such other mode of settlement as may be permitted by RBI. Securities credit to RDG Account in respect of the Retail Direct Investors' purchases shall be made post completion of settlement on settlement date.

(g) Fund credit to the Retail Direct Investors in respect of their sale shall be made after completion of settlement on settlement date to their registered bank accounts. The excess funds received from the Retail Direct Investors shall be refunded to them on the date of receipt/settlement date.

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(h) By Logging / Registering in on this portal, investor hereby authorises NDS OM - Retail and/or its authorised service provider(s) to communicate RBI Retail direct secondary related matters/documents and other information related to orders / trades/ payments / investment products etc either through telephone, email, sms or such other means overriding any NDNC registration.

2. Orders and Order Validation in Secondary Markets

(a) All orders for purchase, sale or other dealings in Government Securities and other instructions routed through the NDS-OM vide the Retail Direct Investor's user name shall be the sole responsibility of the Retail Direct Investor.

(b) The orders entered into the NDS-OM shall be subject to such validations as may be prescribed from time to time including order (price time and both) conditions and other dealing parameters.

(c) The orders that do not meet the validation requirements applicable to the specific type of order shall be rejected.

(d) The order and trade confirmations shall be provided to the Retail Direct Investor on the NDS OM Retail Portal.

3. Modification and Cancellation of Orders

(a) Orders shall be modified by effecting changes in the input parameters in the manner and subject to such conditions, as may be prescribed from time to time.

(b) Modified orders may lose its time priority as per the dealing parameters.

(c) In the event of any technical issue or failure of connectivity (not attributable to any act or omission), the outstanding orders may be cancelled and such cancellation shall be binding.

(d) RBI/Clearing Corporation shall not be liable to the Retail Direct Investor for any losses or costs if orders get matched before execution of the cancellation.

4. Trading parameters

(a) Clearing Corporation may specify from time to time various trading parameters which may include access to NDS-OM, the types of orders that can be placed on the NDS-OM, lot size, price bands, order matching specifications and such other parameters as may be applicable.

(b) The orders can be placed on the NDS-OM as per the lot size and minimum lot size defined by Clearing Corporation.

(c) The orders cannot be placed beyond the maximum order size as may be notified by Clearing Corporation.

(d) Clearing Corporation may notify the order matching/Request for Quote (RFQ) specifications from time to time which shall include the following:

(i) Orders shall be matched on the basis of price-time priority;

(ii) The time recorded at NDS-OM shall be the basis for determining time priority;

(iii) If the order matches, then the trade shall take place for the lower of the order quantity placed;

(iv) The best bid order shall match with the best offer order. For dealing on Price, the best bid order shall be the one with the highest Price and the best offer order shall be the one with the lowest Price;

(v) In case of the Request for Quote segment, Clearing Corporation may define the expiry time of the order, counterparty groups to whom the order can be addressed etc;

(vi) Such other terms as may be notified from time to time.

(e) Orders placed on NDS-OM may not be traded or may be traded partially or fully, based on the order quantity of the matching orders available at that point in time.

5. Trading Limits

(a) Clearing Corporation shall set the limits based on the pre-funding for trading on NDS-OM for a particular time period and orders will be validated against these limits. Orders would get placed based on successful validation against the available limits for the instruments at that point in time.

(b) In case of limit inadequacy in a particular instrument or all instruments, the respective instrument/s shall be unavailable for trading on the NDS-OM and any order placed by the Retail Direct Investor in such instrument/s shall be rejected.

(c) The various types of limits that can be set are viz. 'funding limit', 'stock balance'.

(d) Retail Direct Investor shall abide by the procedure including automated procedures like 'payment gateways', 'depository links' or such other procedures as may be notified from time to time, by which various types of limits viz. 'funding limit', 'stock. Limits set by automated procedures shall be binding on the Retail Direct Investors.

(e) Limits may be varied or reduced or new limits may be on the basis of risk perception and such limits shall be binding on the Retail Direct Investor.

6. Rejection of Orders/Trades

The Orders/Trades may be deleted on account of the following:

(a) When the Orders/Trades are not adequately covered by adequate limits

(b) When Orders are not as per the terms and conditions as applicable to such Orders;

(c) In the event of declaration of unscheduled holiday or sudden development including failure of systems and applications whereby dealing operations for a particular settlement date have been temporarily suspended;

(d) Trades at Off Market Prices;

- (e) In the event of Force Majeure.
- (f) Such other instances as may be specified from time to time.

7. System amendment of trades

(a) In case a holiday is declared on a date which happens to be the settlement date of the trade/s, the system would automatically amend the settlement date of such trade/s as per the holiday handling procedure laid down under Chapter XVIII of Securities Segment Regulation of Clearing Corporation. Any additional settlement consideration *viz.* accrued interest etc., that may become payable by the Retail Direct Investor on account of change in settlement date shall be paid immediately as per procedure prescribed. Failure to pay such additional amount shall constitute a default and shall be handled as per Chapter XVIII of Securities Segment Regulation of Clearing Corporation.

SETTLEMENT OF RBI RETAIL DIRECT SECONDARY MARKET TRADES THROUGH CCIL

[The contents of this Chapter will be applicable to the Constituents admitted under the Retail Direct Scheme of the Reserve Bank of India, as amended from time to time. No provisions of the Bye-Laws, Rules and other Chapters of the Securities Segment Regulations, will be applicable to the Constituents of the Retail Direct Scheme, unless specifically mentioned in this Chapter.]

A. Definitions

1. **Approving Authority** means the Managing Director of Clearing Corporation.
2. **Board** means the Board of Directors of Clearing Corporation.
3. **Clearing Corporation** means The Clearing Corporation of India Ltd.
4. **Chapter** means this Chapter XVII: SETTLEMENT OF RBI RETAIL DIRECT TRADES under the Securities Segment Regulations of the Clearing Corporation.
5. **Constituent** for the purpose of this Chapter shall mean the “Retail Investor” as specified under the Scheme, who is not a

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Member of Clearing Corporation but settles Trades through a Member.

6. **Gilt Account** means an account for holding ‘Government Securities of the Constituent.
7. **Member** for the purpose of this Chapter means the Reserve Bank of India under the Retail Direct Scheme.
8. **Payment Gateway** means the third party service arrangement which facilitates a Constituent to remit funds to Clearing Corporation.
9. **RBI means the Reserve Bank of India.**
10. **Scheme** means the Retail Direct Scheme of the Reserve Bank of India, as amended from time to time.
11. **UPI** means Unified Payments Interface.

Wherever any term used in this Chapter and not defined under the above definition part will have the meaning assigned to it under regulations or circulars, directions issued by RBI under Retail Direct Scheme or Payment and Settlement Systems Act 2007.

B. Scope and Applicability

1. Clearing Corporation will extend the facility of clearing and settlement services to retail investors as mentioned in the Retail Direct Scheme of RBI.
2. For the purpose of this Chapter, the Member will be recognized as counterparty for the limited purpose of acting on behalf of the Constituent under the Retail Direct Scheme.
3. While Clearing Corporation will act as a ‘central counterparty’ for all the transactions under the Retail Direct Scheme between the counterparties, it will also act on behalf of the Member, as may be authorized by the RBI to carry out all such functions under the Retail Direct Scheme.

C. Management of Operations

1. In order to implement the facility, the Board may make any rules or changes as may be required for the management of operations and/or function in connection with or related to the clearing and settlement arising from the Retail Direct Scheme.
2. The Board of Directors, if required, may appoint one or more Committee(s) or vest with the Managing Director, such powers for administration and / or management of any aspect of the Clearing Corporation's business operations and delegate to the Committee or MD such powers and responsibilities as may be decided by the Board.
3. The Board of Directors, may for smooth functioning of the operations of the Retail Direct Scheme, make such changes in process or procedures or to the rules of this chapter.

D. Membership

1. Any eligible individual, on admission under the RBI Retail Direct Scheme will be admitted as a Constituent.
2. A Constituent is required to adhere to the annual review and/ or periodic KYC process as may be required by the Member from time to time
3. A Constituent will be given a Constituent ID upon successful completion of all registration formalities. On getting the Constituent ID, the Retail Investor will become eligible to the services of Clearing and Settlement of the transactions under the Retail Direct Scheme. Mere submission of an application, online or physical, by itself will not entitle a person to be admitted to the Retail Direct Scheme or as a Constituent of the Member.
4. A Retail Investor who has been admitted as a Constituent is required, at all times, to retain the details of Gilt Account opened at the time of registration.
5. Every Constituent is required to submit accurate information of mobile number, e- mail ID and bank account and such other details

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required for the purpose of registration on the Retail Direct Portal. All refunds, payments etc. receivable by the Constituent, will be credited to the bank account so provided by the Constituent.

6. Any change in the details provided as mentioned in the para No.D.4 should be updated by the Constituent on the Retail Direct Portal immediately.
7. Constituent should quote its Constituent ID and Gilt account number in all the communication sent to the Clearing Corporation. .
8. It is clarified that Clearing Corporation disclaims any liability arising out of inadequate or incorrect information of the bank account details or delay in communication of the change in bank account details.
9. The charges, if any, levied by the bank/ Payment Gateway for transfer of funds remitted by the Constituent to the Clearing Corporation will have to be borne by the Constituent.

E. Clearing and Settlement

1. All the settlements under this Chapter will be carried out on T+1 basis or such other basis as may be advised by Reserve Bank of India from time to time.
2. The settlement will be carried out in the manner stated below:
 - 2.1 The settlement of all Retail trades under the Retail Direct Scheme, will be carried out through the Gilt Account of the Constituents to be opened and maintained in the CSGL account of RBI at PDO-RBI.
 - 2.2 Clearing Corporation will net all buy and sell positions of the Constituents for each security for a settlement date.
 - 2.3 Clearing Corporation will communicate to the Constituent at the end of trading sessions the particulars of:
 - a. all transactions of the Constituent.
 - b. netted position of the Constituent.

2.4 The Gilt Account of the Constituent will contain the particulars of the netted balances of transactions undertaken by the Constituent.

2.5 A Constituent is required to maintain clear balance of 'securities' in its Gilt Account before undertaking any security 'sell' trade. Similarly, Constituent shall remit adequate funds before undertaking any security 'buy' trade under the RBI Retail Direct Scheme.

3. Conditions and Procedure for undertaking the settlement transactions

3.1 Where the Constituent buys the securities:

3.1.1 Before initiating a buy trade on NDS OM, Constituent is required to remit the adequate funds in the Current Account of the Clearing Corporation. The Securities bought by a Constituent will be credited to the Constituent's Gilt Account on the settlement date and only after actual receipt of funds by Clearing Corporation.

3.1.2 The excess funds remitted by Constituents over and above their trade consideration, will be returned to the Constituents before the end of the day on the settlement date.

3.1.3 A Constituent is permitted to place order(s) based on the remittance made either through UPI or net banking and on receipt of the successful remittance message by Clearing Corporation.

3.1.4 In case of buy transactions of securities, the Clearing Corporation will credit the Gilt Account of the Constituent only at the end of the settlement day after completion of all settlement transactions.

3.2 Where the Constituent sells the securities:

3.2.1 A Constituent will be permitted to sell unencumbered Security only if that Security is available in the Gilt Account.

3.2.2 The Face Value of the securities identified for sale will be immediately blocked to the Constituent's GILT Account on the trade date itself.

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- 3.2.3 Upon initiating a sale transaction on the NDS-OM, a Constituent cannot create any Pledge/Gift/Lien or any third party interest in respect of the security which is being sold. However, if the sale transaction is not successful on the system, the Constituent is free to transfer by Gift, create Pledge or Lien on that security.
- 3.2.4 A Constituent cannot undertake any sale transaction of a security on the NDS OM systems, if any pledge or lien is created on that Security or the Security is already marked as transaction of Gift in the system.
- 3.2.5 The sale proceeds of the securities sale transaction (i.e. funds) of the Constituent will be credited to the bank account of the Constituent at the end of the day, on the settlement date after completion of all settlements.
- 3.3 Clearing Corporation will generate and provide to each Constituent the Securities and funds obligation reports.
- 3.4 The Securities obligation reports will contain particulars of all transactions of the Constituent and the position of Securities Receivable or Securities Payable for a settlement date.
- 3.5 The Funds Obligation report will contain particulars of net funds payable or receivable by a Constituent for its trades received by the Clearing Corporation for settlement.
- 3.6 Clearing Corporation will credit the interest (coupon) and / or redemption proceeds to the Constituent's bank account registered on the Retail Direct Portal, on the same day.
- 3.7 Where necessary, Clearing Corporation will notify other details of the settlement process in addition to the above.

F. Authority for Debit and Credit Mandate

Constituent, is considered to have authorized the Clearing Corporation under this para of this Chapter, to debit or credit its Gilt

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Account opened under the CSGL Account in order to carry out the sale and purchase transactions of the Government Securities. Similarly, a Constituent is considered to have authorised the Clearing Corporation under this para of the Chapter, to credit the funds in the Constituent's registered bank account for the purpose of carrying out the sale of Government Securities transaction. In case of any change in bank account, this mandate is considered to be extended to such changed bank account as well.

G. CENTRAL COUNTERPARTY

1. All the buy and sell transactions of Government Securities will be entered into by the Member on behalf of Constituent with another counterparty on an anonymous basis on the NDS OM platform.
2. All transactions under the Scheme will be executed through the Clearing Corporation, acting as a central counterparty.
3. The central counterparty will interpose itself between two counterparties in the anonymous trading and settlement system and act as buyer to seller and seller to buyer only for the limited purpose of completion of settlement transactions.
4. All the trades made by a Constituent for the day on the NDS-OM platform with other counterparties, that means to say, another Constituent or a non-retail counterparty of Clearing Corporation, will be netted and a net payable or net receivable position for the Constituent will be arrived at. Such net payable position will constitute as amount due from the Member on behalf of the Constituent to the Clearing Corporation and net receivable position will constitute as amount due from the Clearing Corporation to the Member on behalf of the Constituent. For the purpose of this Chapter, the Member will be recognized as a counterparty for the limited purpose of acting on behalf of the Constituent under the Retail Direct Scheme.

5. While Clearing Corporation will act as a central counterparty for all the transactions of Retail Direct Scheme between the counterparties, it will also act on behalf of the Member as authorized by RBI to carry out all such functions under the Retail Direct Scheme.

H. ADMISSION OR REJECTION OF TRADES

1. Clearing Corporation may, approve, defer, or reject such Trades for Clearing and Settlement subject to such terms as it may deem fit.
2. Regardless of the above, Clearing Corporation shall not be responsible for the title, ownership of the securities delivered or received and genuineness, regularity and validity of transactions/trades or the loss and damages arising there from. Any questions in respect of the title, ownership, genuineness, regularity and validity if and when arising, shall be dealt with in accordance with the provisions of this Chapter.
3. An Unscheduled Holiday (USH) may be declared on the happening of events that lead to the total disruption of transactions coming to a halt, such as strike, disruption of public utility services due to heavy rains or any other factor beyond the control of Clearing Corporation. In such cases, all trades due for settlement on such days shall be rolled over to the next business day i.e. modified settlement date (MSD) at the traded price of the security/ yield of the Treasury Bill. In case of trades in dated Securities, the coupon amount for USH and subsequent holiday(s), if any, will be added by Clearing Corporation to the respective trade considerations. In case of Trades in Treasury Bills, the price of the relative Treasury Bills will be recomputed by Clearing Corporation on the MSD at the traded yield. Constituent will pay such difference between the trade consideration to Clearing Corporation on MSD itself.

I. NOTIFICATION, NOTICE OR COMMUNICATION

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The words “Notification”, “Notice” or “Communication” refer to any intimation that may be served on a Constituent at his/her address and/or his/her last known address in any one or more or all of the following ways:

- a) delivery by post
- b) sent by registered post
- c) sending it under certificate of posting
- d) sent by express delivery/ courier services
- e) sending it by telegram
- f) affixing it on the door at the last known address
- g) oral communication
- h) advertising it atleast once in any prominent daily newspaper.
- i) sending a message through the RBI Retail Direct portal
- j) The notification on Clearing Corporation website/ RBI Retail Direct website.
- k) by SMS, electronic mail or fax or any other electronic network.
- l) any other accepted mode of communication.

Any communication sent by Clearing Corporation to the Constituents is presumed to have been properly delivered or served, if the same is sent to the ordinary address and/or ordinary place of residence and/or last known address of the party in any one or more of the ways mentioned above.

J. Reports

1. Clearing Corporation will provide Interim/Final reports, giving details of the transaction to the Constituent on the RBI Retail Direct Portal and/or SMS/Email ID.
2. Clearing Corporation will not be liable for any delay or non-delivery of SMS or emails or due to the non-availability of the Retail Direct

Portal, arising from or relating to any factor not in the control of the Clearing Corporation.

K. Clearing Hours

The hours for working in Clearing and Settlement of different segments of Clearing Corporation will be notified by Clearing Corporation from time to time.

I. Business Hours

1. The business hours for transactions in various segments will be applicable as decided by Reserve Bank of India.
2. Clearing Corporation would normally function on all the days, excluding Sundays and such other days declared as holidays under the Negotiable Instruments Act, 1881 or where transactions/settlement may not take place as declared by RBI or such other authority.

L. Record For Evidence

1. The record of Clearing Corporation in any form electronic or otherwise, including record of telephonic conversations duly authenticated by an authorized official of the IT department of the Clearing Corporation will be conclusive evidence in relation to any trades cleared and settled through Clearing Corporation.
2. For the purposes of any disputes regarding Clearing and Settlement of trades such records as maintained by Clearing Corporation will be conclusive evidence in any dispute or claim between or amongst the members inter-se or between Constituent, Member and Clearing Corporation.

M. Members Only Parties To Trades

1. Every Constituent through the Member shall be directly and wholly liable to Clearing Corporation, unless it is expressly specified otherwise by Clearing Corporation in all transactions executed. The

Clearing Corporation will not recognize any other party other than the Member except as stated herein.

N. INVIOABILITY OF ADMITTED TRADES

1. Trades cleared and settled by the Clearing Corporation in accordance with this Chapter shall be final and irrevocable.
2. Regardless of the above, Clearing Corporation may on application by any affected Member/ Constituent in that behalf decline to clear or settle any trade, if Clearing Corporation is satisfied after hearing the parties to the trade(s) that the trade(s) is/are fit for rejection on account of fraud or market manipulations or price manipulations in the trade or in relation to any instruments. However, in any event where the deals have been novated as mentioned in this Chapter, such deals will be irrevocable for the purpose of effecting settlement. This will become effective without prejudice to other actions under this Chapter or any other law.

O. Finality of Settlement

A settlement effected in accordance with this Chapter shall be final and irrevocable.

P. Grievance Redressal

Any query or grievances related to 'Retail Direct' Scheme can be raised on the portal which will be handled/ resolved by Public Debt Office (PDO), RBI, Mumbai.

Q. Directions of RBI, Variations and Jurisdiction

1. Regardless of what is stated in this Chapter, any direction or circular or rule or guideline issued by the RBI under the PSS Act, 2007 or PSS Regulations are to be considered and read as part of this Chapter. In case of any inconsistency between the provisions of this Chapter and the direction or circular or rule or guideline of RBI, the latter shall prevail.

2. The Regulations under this Chapter will be part of the Securities Segment Regulations read with the Bye-Laws and Rules of the Clearing Corporation. Accordingly any change made to this Chapter will be read and interpreted in accordance with the Payment and Settlement Systems Act, 2007 and Regulations thereunder and the laws of India.
3. All parties to a reference under this Chapter shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai for the purpose of giving effect to the provisions of this Chapter and the Payment and Settlement Systems Act, 2007.

R. Bankruptcy of Clearing Corporation

1. Where, by an order of a Court, Tribunal or authority:
 - a) Clearing Corporation is declared as insolvent or is dissolved or wound up; or
 - b) A liquidator or receiver or assignee (by whatever name called) whether provisional or otherwise, is appointed in a proceeding relating to insolvency or dissolution or winding of Clearing Corporation, all the outstanding trades with Clearing Corporation shall stand terminated forthwith and any receivables/ credit to the Member shall be returned in the manner set out in Section 23 of the PSS Act.

S. General Provisions

1. Except specifically mentioned in this Chapter, Clearing Corporation will not be liable for all its bonafide acts, and accordingly no claim can be preferred against it for such acts. Furthermore, no action shall lie against Clearing Corporation, its directors, employees, its officers or any of its authorized person(s) for all their acts in good faith on behalf of Clearing Corporation.
2. Clearing Corporation shall have the full discretion to part with/disclose or disseminate such information concerning the

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Constituents' trade settled and cleared through Clearing Corporation as deemed necessary to Regulator, Governmental, judicial authorities under any law or any investigative or other agencies.

3. Clearing Corporation will provide only the aggregated market information and/or trade by trade information regarding volumes, last traded price/rate and other information related to a trade etc., on trade concluded or reported by Constituents, to press, media, information vendors or any other person for consideration or otherwise. In any case, such data will not contain identity of counterparties.
4. Clearing Corporation shall not be held responsible or liable for any consequences arising out of failure of computer systems, telecommunication network and other equipment installed at the Constituent's premises. Clearing Corporation shall also not be liable for failure or breakdown of its systems or power outage or any hacking etc., resulting in non-availability of the systems for trading and settlements. It shall also not be responsible for any force majeure event such as Act of God, civil commotion, strikes, riots or any other factor beyond its control resulting in non - availability of its systems for clearing and settlements. Nonetheless, Clearing Corporation shall take all such reasonable steps as are required to restore the Constituents through the Member to their restitutionary rights.
5. The Constituents shall maintain all necessary infrastructure so as to connect to the Retail Direct Portal and shall solely be responsible for the same.
6. No failure or delay on the part of Clearing Corporation in the exercise of any power, right or privilege here under shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude Clearing Corporation from further exercise thereof.

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7. Clearing Corporation shall not be liable for any unauthorized deals on the Retail Direct portal by any person acting in the name of the Constituent.
8. Clearing Corporation may, at its discretion for the reasons to be recorded in writing (in electronic or physical form), approve, defer, or reject deals received by it for matching, Clearing and Settlement for not conforming to any of the provisions specified in this Chapter.
9. The provisions of this Chapter, in so far as they relate to dealing operations shall be applicable and continue to bind and govern the Constituents through the Member, as if the provisions of this chapter are enacted as part of the trading part of this Chapter.
10. **Right to collect information.**

Clearing Corporation may as and when required seek information from the Constituents through the Member in respect of their financial position, state of business, regulatory action, etc.
11. **Right to impose conditions, reduce limits.**

If any activity of the Constituent is observed to be contrary to the interest of the market or the payment system itself, Clearing Corporation may, at its discretion, impose such condition as may be necessary to ensure the safety of the system including imposition of lower limits or reduction of the existing limits.
12. Clearing Corporation will have the right to terminate the Constituent if such Constituent is adjudged to be insolvent, lunatic, declared as offender by a Court of Law or authority or disqualified by any regulator or authority from dealing in these markets or due to any legal disability, or otherwise barred from any activity in any of the financial markets. Termination of Membership will disable a Constituent from undertaking further transactions including trading clearing and settlement.
13. Clearing Corporation may also suspend a Constituent for a shorter period if he has incurred any legal or regulatory disqualification.