

RBI/2004-05/404

IDMD .CLS. No 10/08.01.02/2004-05

March 29, 2005

To All NDS Members

Dear Sirs,

Conduct of Dated Government Securities Auction under PMO module of PDO-NDS- Preparedness.

As you are aware that auction of Treasury Bills has already been operationalised in the Primary Market Operations (PMO) of PDO-NDS system. With a view to further enhancing the system, it has been decided to operationalize the Dated Securities auction in PDO-NDS from the first week of April 2005. The live operation of the module will be notified separately. Accordingly, the PMO module has been suitably modified to facilitate auctions of Dated Securities with various features.

2. The salient features of the module and the various functions to be carried out by participants of the PDO-NDS are as follows:

- a. All competitive bids to be submitted by participants in the new module during the specified time period as mentioned in the Notifications.
- b. Non-competitive bids are to be submitted from the member Terminal for the CSGL account holders. In case of non-CSGL account holders, the consolidated bids must be submitted to PDO, Mumbai along with details of bids i.e name of the client and the amount, as an annexure, before the cutoff time notified in the Notification. Members have to ensure the eligibility criteria for non-competitive bids as notified by RBI.
- c. Primary Dealers (PDs) have to submit underwriting bids in PDO-NDS during the Underwriting auction period as per the Notifications issued by RBI in regard to auctions of dated securities from time to time.
- d. Members facing connectivity problems may submit physical bids by communicating the intention to do so by sending a fax request to PDO, Mumbai before close of bid submission time and submit the physical bid within half an hour of close of the bid submission time as provided in NDS regulations. Same procedure will apply as in the case of underwriting bids by PDs.
- e. The new system provides online declaration of auction results; accordingly no physical allotment advice would be provided to the successful bidders.

3. For smooth implementation of the enhanced PMO module, presentation-cum demonstration sessions have been arranged for the market participants at RBI, Central Office, Mumbai. The detailed schedule has been communicated from NDS, Help Desk. All members are urged to follow the detailed guidelines for installation of new software including the various operational guidelines issued by NDS, Help Desk in this regard.

4. In order to familiarize the NDS members with the new-functions and to assess the members preparedness and running of new software, it has also been decided to conduct mock auction on Sunday, April 3, 2005 in PDO-NDS. Accordingly, all members are requested to participate in the proposed mock auctions. The detailed guidelines and checkpoints to be observed by the participants at the time of mock run will be made available in the presentation sessions.

5. We request all the eligible participants to extend their co-operation for the successful implementation of Dated Securities Auction module under PDO-NDS and participate, without fail, in the mock auction to be conducted by RBI on the scheduled date. This is the opportunity for the users to familiarize themselves with the new functionalities.

Yours faithfully,

(Jasbir Singh)
Chief General Manager