

**FIMCIR/2021-22/27**

**Operational Guidelines- Buyback of CD  
effective from 17<sup>th</sup> February 2022**

**Buyback of CD -RBI guidelines (RBI Master Direction June 4, 2021)**

- a) The buyback of a CD, in full or part shall be at the prevailing market price.
- b) The buyback offer should be extended to all investors in the CD issue. The terms of the buyback should be identical for all investors in the issue. The investor will have the right to accept/reject the offer.
- c) The buyback offer may not be made before 7 days from the date of issue.
- d) CDs bought back partially or in full will be extinguished.

**Operational Guidelines in addition to RBI guideline mentioned herein above for Buy back of CD:**

1. Before approaching investors with offer of buyback, Issuers to obtain approval from their respective Investment Committee / or such other equivalent internal Committee vested with powers to take such decision.
2. The buyback can be for full amount or partial amount of the total outstanding under an ISIN.
3. In case of partial buyback, if the investors offer for more than the amount announced under the buyback offer amount will be accepted on a proportionate basis.
4. Investors may submit offers in single / multiple lots.
5. The Offer Start Date and the Offer Closing Date of the buyback can be the same date or may be different dates at the discretion of the issuer.
6. **Offer must be made to “All Investors” as per BENPOS statement generated at EOD one business day prior to Offer Start Date.**
7. The term “All Investors” will constitute those investors who have registered their valid email ID, with the Depository.

**Steps:**

**One day Prior to Offer Start Date & Offer Start Date:**

- I. Issuer intimates depository and RTA regarding intention of buyback of CD with offer letter at least one business day prior to Start date of Offer indicating details of offer duly capturing details such as: (format as per **Annexure-1**).
  - a. ISIN
  - b. Offer Start Date & Time
  - c. Offer Closing Date & Time
  - d. Offer Price
  - e. Settlement Date
    - a. In case of T+0: Same as Offer Closing Date
    - b. In case of T+1: Next Business Day after Offer Closing Date
- II. The Issuer must ensure that offer letters of buy back are sent to “All Investors” **before the market opening hours on the Offer Start Date**, in coordination with RTA / Depository.

- III. Depository sends confirmation to issuer of having sent the offer to “All Investors” as per BENPOS statement (Refer clause 6 above), before opening of Market Hours on the Offer Start Date.
- IV. **Till development of the software by Depositories for automated generation of CD buyback offer the following procedure need to be followed:**
- a) **RTA will obtain the BENPOS generated at EOD of one business day prior to Offer Start Date. (Please refer to clause 6 above).**
  - b) **RTA will send the offer letters to “All Investors”, as per the BENPOS statement as above, before commencement of Market hours on the Offer Start Date.**
  - c) **The term “All Investors” will constitute those investors who have registered their valid email ID, with the Depository.**
  - d) **RTA to send confirmation to Issuer that offer letters have been sent to “All Investors” as per BENPOS statement (Refer clause IV above), before opening of Market Hours on the Offer Start Date.**

**Offer Closing Date:**

- V. After receiving the buyback offer Investors willing to offer their units for buyback should send Deal Confirmations to the Issuer, as per format given in **Annexure-2** before 3.00 p.m on the Offer Closing Date.
- VI. The Issuer may conclude the process of buyback either
- a. On receipt of Deal Confirmations from all the investors offering all of their units for buyback
  - or
  - b. After the cut-off time on Offer Closing Date.
- VII. Soon after closing of buyback offer, the issuer should intimate the RTA the total buyback amount offered by investors and send copies of all Deal Confirmations received from the investors to the RTA.
- VIII. Issuer reports the individual buy-back transactions on FTRAC.

**Settlement Date:**

- IX. Investors should transfer to the Issuer, the units offered under buyback as per secondary market conventions.
- X. Issuer will remit the funds by EOD and extinguishes the bought back CD units in coordination with RTA and Depository.

**Accounting:**

- Accounting of buyback will be similar to accounting entries passed at the time of redemption for issuer.
- For Investor – Accounting as per secondary Market trade.

## **Annexure 1**

### **FORMAT OF LETTER OF OFFER of Buy back of CD**

#### **Part I**

- ISIN of the CD offered for Buyback : \_\_\_\_\_
- Total amount of CD outstanding under the IS/ISINs : FV
- Discount rate / period for which the CD issued : \_\_\_\_\_
- Date of Maturity of the CD offered for buyback : \_\_\_\_\_
- Amount offered for buyback : FV Rs \_\_\_\_\_ (full/partial)
- LEI no. and Validity date of the issuer : \_\_\_\_\_
- Price and yield at which buyback offered : \_\_\_\_\_
- Proposed Strat Date of offer & Time : \_\_\_\_\_
- Proposed Closing Date of offer & Time : -----(date) by 3.00 p.m
- Settlement Mode : T+0 or T+1
- Settlement Date : \_\_\_\_\_
  - In case of T+0: Same as Closing Date of Offer
  - In case of T+1: Next Business Day after Closing Date of Offer
- Terms and conditions of the Buyback : \_\_\_\_\_

Market Conventions : FIMMDA CONVENTIONS

Details of Default of CDs, Including Technical Delay in Redemption During Past Three Years :

Details of Default and Delay in Redemption of Any Other Borrowings During Last Three Years :

Details of Depository :

Units to be transferred to : \_\_\_\_\_  
Name of RTA : \_\_\_\_\_  
DPID : \_\_\_\_\_  
CLIENT ID : \_\_\_\_\_

\* Issuer's liability under the CD will continue beyond due date, in case the CD is not redeemed on due date.

Authorised Signatory of the Issuer : \_\_\_\_\_  
Date : \_\_\_\_\_

Original / Authenticated copy of any document related to above information will be made available to the investors on request.

**Annexure 2**

**CERTIFICATE OF DEPOSITS (CD):  
DEAL CONFIRMATION / CONTRACT NOTE – BUYBACK:**

Date of Buyback	
<b><u>Description of instrument</u></b>	
Issuer	
Issue Date	
ISIN	
Date of Maturity	
Total Buyback Face value	Rs.
Price	Rs.
Total Consideration	Rs.
Settlement Mode	T+0 or T+1
Settlement Date	
Name and address of RTA	
Market Conventions	FIMMDA conventions
Seller of CD	
DP name	
DP ID	
Client ID	
Purchaser of CD	
Settlement date	
Proceeds to be credited to	
Beneficiary Name	
Bank Name	
Account no	
IFSC code	
Settlement amount	Rs.
LEI No and validity date	
CDs to be transferred to	
Name of RTA	
DP Name	
DP ID	
Client ID	

THIS CONTRACT NOTE IS EXECUTED BY

(ON BEHALF OF INVESTOR OF CD)

(ON BEHALF OF ISSUER OF CD)