

FIMMDA RULES FOR REPORTING OF REPO TRADES IN CORPORATE BONDS

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Chapter 1: INTRODUCTION

These rules shall be known as the FIMMDA Rules for Reporting Repo Trades in Corporate Bonds, 2010.

Chapter 2: APPLICABILITY

The Rules shall be applicable to all entities reporting their Repo trades in Corporate Bonds on FIMMDA's Corporate Bond Repo Deal Reporting Platform.(CBRRP)

Chapter 3: DEFINITIONS

Interpretation:

Capitalised terms used but not defined in these Rules shall have the same meaning as have been assigned to them under the FIMMDA's Handbook of Market Practices, the circulars / notifications issued by the Reserve Bank of India (RBI) and/or the Securities and Exchange Board of India (SEBI) in regard to Repo trades in Corporate Bonds, as the case may be. In the event of any inconsistency between the definitions in the FIMMDA Documents and the Regulators Documents, the definition contained in the Regulators Documents shall prevail.

Definitions:

- (a) **“Applicable Law”** shall mean the FIMMDA's Handbook of Market Practices, FIMMDA's CBRRP Operating Guidelines, other circulars and notices issued by FIMMDA, the circulars / notifications issued by RBI and/or SEBI in regard to Repo trades in Corporate Bonds, as the case may be.
- (b) **“Business Day”** shall mean any day, other than a Saturday, a Sunday and/or a Public Holiday, on which banks are open for business in the city of Mumbai, India for carrying out high value clearing of cheques and/or for effecting transfer of payments through the Real Time Gross Settlement System operated by or on behalf of RBI.
- (c) **“Corporate Bond Repo Reporting Platform”** or **“CBRRP”**: The term **“Corporate Bond Repo Reporting Platform”** or **“CBRRP”** shall mean FIMMDA's internet based reporting platform for capturing / reporting details of market repo transactions undertaken in corporate bonds ..
- (d) **“CBRRP Eligible Security”**: The term **“CBRRP-Eligible Security”** includes all Corporate Debt Securities which are eligible for Repo transaction as defined and permitted by RBI and/or SEBI from time to time. **“CBRRP Eligible Security”**: as per existing guidelines includes all listed Indian Rupee denominated debt securities issued by institutions such as banks, public sector undertakings, municipal corporations, body corporates and companies and/or such other entities as may be permitted by Applicable Law from time to time. The term **“CBRRP-Eligible Securities”** excludes (i) debt issued by and/or on behalf of the Central or State Governments, (ii) mortgage, (iii) asset based

- securities, (iv) collateralized mortgage obligations and (iv) money market instruments
For purposes of this definition, “money market instrument” means a debt security that at issuance has a maturity of one year or less.
- (e) **"CBRRP Participant"** The term **"CBRRP Participant"** shall mean and include ~~the~~ all such entities which are eligible to undertake repo transactions in Corporate Bonds as permitted by RBI from time to time
 - (f) **"Eligible CBRRP Transaction":** The term **"Eligible CBRRP Transaction"** shall mean all eligible Repo transactions undertaken by the eligible participants in Corporate Bonds as prescribed by RBI from time to time and which are required to be reported to SEBI, RBI or FIMMDA.
 - (g) **"FIMMDA Documents"** shall mean FIMMDA's Handbook of Market Practices, FIMMDA's CBRRP Operating Guidelines and/or such other circulars and notices issued by FIMMDA, from time to time.
 - (h) **"Other Documents"** shall mean the circulars issued by RBI and/or SEBI and/or any other entity, having a force of law in regard to Repo trades in corporate bonds, as the case may be.
 - (i) **"Rules"** shall mean the the FIMMDA Rules for Reporting of Repo Trades in Corporate Bonds, 2010 as amended from time to time;

Chapter 4: OBTAINING MEMBERSHIP AS A CBRRP PARTICIPANT

(a) General

RBI requires a CBRRP Participant to report an Eligible CBRRP Transaction in CBRRP Eligible Security on FIMMDA's Corporate Bond Repo Deal Reporting Platform.. These Rules deal with the guidelines for reporting of Eligible Repo CBRRP Transactions to FIMMDA.

(b) Membership requirements

- (i) An entity intending to become a CBRRP Participant shall be required to comply, with the following requirements:
 - (A) Should be eligible as per the eligibility criteria prescribed by RBI and/or any other Regulator empowered to do so from time to time, to undertake Repo transactions in Corporate Bond.
 - (B) Submission of Membership Application and Execution of the CBRRP Participant Application Agreementⁱⁱ provided by FIMMDA for access of CBRRP and
 - (C) Execution of an undertaking to comply with all applicable rules and operating procedures laid down by Applicable Law, as may be amended from time to time, in relation to Membership for accessing CBRRP.
- (ii) Mere submission of the completed Membership Application Form and/or any additional information sought does not by itself constitute any privilege for any applicant to claim grant of membership to CBRRP and FIMMDA reserves the right to reject the Membership Application made by any entity, without assigning any reasons therefor.
- (iii) Upon grant of Membership for CBRRP, participant shall be allotted a Member Number which shall be unique to that Member
- (iv) Every User within every Member shall be allotted a User Number / ID which shall be unique to that User only within his/her Member environment;;

- (v) Every Participant shall use the concerned Member Number and User ID to log in to CBRRP;
- (vi) Every Participant shall ensure that incorporation and/or use of its Member Number and/or User ID is restricted to its authorized personnel only.
- (vii) FIMMDA and/or any of its officials or its agents shall not in any way be liable for any loss or damage or consequences that may arise on account of unauthorised and/or wrongful use of Member Number and/or User ID
- (viii) A member shall not permit itself or any other person(s) to –
 - i. use the software provided by FIMMDA for any purpose other than that approved and specified by FIMMDA;
 - ii. copy, alter, modify or make available to any other entity or person the software provided by FIMMDA;
 - iii. use the software in any manner other than as specified by FIMMDA;
 - iv. The intellectual property rights of such software shall be with FIMMDA and any unauthorised use of the same shall be treated as infringement and dealt with accordingly;

(c) **Cancellation of Membership**

In the event that the CBRRP Participant fails to comply with the conditions of the CBRRP Participant Application Agreement and/or the undertaking mentioned in (b)(i)(B) above, FIMMDA reserves the right to cancel, revoke or suspend a CBRRP Participant from reporting a trade on CBRRP and impose fine and/or penalty of like nature for such non compliance.

Notice shall be given to the CBRRP Participant concerned in general by a notice on the CBRRP of the expulsion or suspension or default of or of the suspension of business or of any other penalty imposed on it or on its partners, attorneys, agents, authorised representatives or other employees. FIMMDA may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the CBRRP Participants or to the

public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended its business or ceased to be a CBRRP Participant. No action or other proceedings shall in any circumstances be maintainable by such person against FIMMDA or any officer or employee of FIMMDA for the publication or circulation of such notification.

Chapter 5: CODE OF CONDUCT

A CBRRP Participant shall be required to adhere to the following requirements at all times when it is reporting on the CBRRP:

- (a) Upon receipt by FIMMDA of a duly executed copy of the CBRRP Participant Application Agreement, a Participant is required to commence reporting of t Repo trade information on the FIMMDA's CBRRP. The CBRRP Participants shall access the Platform only via FIMMDA approved facility during the stipulated hours of operation, as may be communicated by FIMMDA from time to time.
- (b) These Rules form an integral part of the CBRRP Participant Application Agreement and shall, at all times, be required to strictly adhere to the Rules.
- (c) The CBRRP Participant shall abide by and comply with and adhere to the Applicable Laws that may be promulgated or issued from time to time either by SEBI, RBI or any other regulatory authority.
- (d) The passwords required to use the CBRRP shall be held in strict confidence and for its sole and exclusive use. The CBRRP Participant shall accept full responsibility for the consequences of divulging passwords to unauthorized parties or of not keeping passwords secure and exempt FIMMDA from any responsibility for the loss or misuse of such passwords. FIMMDA has no responsibility to verify either the authority of the CBRRP Participant (or any user logged in through the user ID and password provided to the CBRRP Participant) or any capacity, restrictions or limitations of their authorizations. Without any prejudice to the aforementioned provision, FIMMDA reserves the right to take any action including cancellation of membership and/or any other disciplinary action, it deems fit for violation of the aforementioned provision.
- (e) FIMMDA will treat each communication received through the CBRRP, without further review, as a validly authorized communication of the CBRRP Participant.
- (f) The records and electronic files of FIMMDA shall be sufficient evidence of any transactions reported through CBRRP and such records shall, in all legal proceedings, be received as prima facie evidence and shall be admitted as evidence of the matters, transactions recorded in it.
- (g) The CBRRP Participant shall promptly notify FIMMDA in the event of unauthorized access to the CBRRP and/or any of its user- IDs and/or passwords being compromised in any manner.

- (h) A CBRRP Participant shall notify in writing to FIMMDA at least 2 Business Days before a user leaves the CBRRP Participant's company and/or otherwise loses the privileges granted pursuant to the application forms. Such notification shall take effect when FIMMDA confirms in writing to the CBRRP Participant that the user has been disabled.
- (i) The CBRRP Participant shall inform FIMMDA of any changes and/or non-compliance to/with any of the participation requirements set forth in the CBRRP Participation Application Agreement referred to above and/or any requirements laid down by the Applicable Law in this regard from time to time.
- (j) The CBRRP Participant shall be required to report all information in relation to the Eligible CBRRP Transaction promptly, accurately, and completely
- (k) The CBRRP Participant shall not use and/or allow the use of the CBRRP to engage in any form of market misconduct including insider trading and market manipulation and/or conduct that is otherwise in breach of Applicable Laws.
- (l) The internet and/or any other means of interface to access the CBRRP system, is not a secure network, and FIMMDA shall have no responsibility relating to CBRRP Participant's use of the internet.
- (m) FIMMDA makes no representation that the CBRRP shall be free from all known viruses and the CBRRP Participant shall, at its own expense, employ such virus scanning software and take such precautions in respect of its use of the CBRRP as the CBRRP Participant shall consider necessary.
- (n) FIMMDA has not given the CBRRP Participant any advice and the CBRRP Participant has not given FIMMDA any discretion in relation to the Eligible CBRRP Transactions or otherwise. Nothing contained on the CBRRP constitutes investment advice, assurance and/or guarantee as to the expected outcome of any strategy in relation to a Eligible CBRRP Transactions. The CBRRP Participant will not rely upon the contents of the CBRRP, if any, and it will take all steps it deems necessary, at its own expense, including obtaining independent professional advice, to arrive at its independent opinion of any proposed strategy and its decision whether or not to proceed or to enter into Eligible CBRRP Transaction.
- (o) CBRRP Participant Members may take suitable and adequate insurance coverage, which shall include such liabilities, losses and damages that may occur on account of operations in CBRRP.

- (p) The CBRRP Participant shall promptly pay any charges, as may be prescribed by FIMMDA, for operating on the CBRRP system.
- (q) The CBRRP system is merely a platform for reporting purposes iParticipants are individually responsible for ensuring settlement of the transactions entered into by them. FIMMDA may a later stage provide straight through processing facilities on CBRRP to facilitate settlements by Participants.

Chapter 6: REPORTING & MATCHING REQUIREMENTS

(a) Obligation of reporting of Eligible CBRRP Transactions

The obligation to report an Eligible CBRRP Transaction for CBRRP Participants shall be as follows:

- (i) Transactions shall be reported on CBRRP by CBRRP Participants only in respect of those repo trades that have been concluded with those counterparties who are also members of CBRRP;**

- (ii) Repo transactions reported by a CBRRP Participant shall always be only with those counterparties with whom the concerned Participant has a valid Global Master Repurchase Agreement or such other arrangement as may be prescribed by the Market Regulator from time to time;**

- (iii) Both Borrower and Lender would report the eligible Repo transaction on CBRRP which will be matched internally by the Platform and upon matching, market related information would be disseminated on the Platform and FIMMDA website**

(b) Time frame for reporting of Eligible CBRRP Transaction

(i) Transaction executed during CBRRP system hours:

A CBRRP Participant who is required to report the Eligible CBRRP Transaction information on the CBRRP, must report the same within 15 minutes of execution of the trade except as otherwise provided in these Rules.

The CBRRP would be made available to the CBRRP Participant's from 9:00 a.m. and 17:45 p.m. on a Business Day and the Eligible CBRRP Transaction must be reported during the working hours of CBRRP.

(ii) Eligible CBRRP Transaction executed but omitted to report :

All eligible CBRRP Transaction needs to be reported on FIMMDA's CBRRP platform as per the scheme prescribed by RBI. Reporting of transaction on next business day would not be permitted on CBRRP

(c) **Information to be reported**

Each Eligible CBRRP Transaction shall report the following essential data:

- (i) Member Ref
- (ii) Nature of Deal : Borrow /Lend
- (iii)** ISIN Description
- (iv)** Counterparty details
- (v)** Rating of Bond
- (vi)** First leg price
- (vii)** Deal Date and Deal Time
- (viii)** Sett type
- (ix)** Ist leg consideration (Amount Borrowed/ lent)
- (x)** Repo Rate of Interest
- (xi)** Repo Tenor
- (xii)** Intermediary details (Direct /Brokered)
- (xiii)** Broker Name

The CBRRP Participant shall also report such other details as may be required to be reported under Applicable Law from time to time.

(d) **Procedures for Reporting of Bond Description, Counterparty, First Leg Price, First leg consideration, Repo Rate, Repo Tenor**

The requirements and instruction are set out in the FIMMDA CBRRP Operating Guidelines. In the event of any inconsistency between the provisions of these Rules and the CBRRP Operating Guidelines, the provisions of the CBRRP Operating Guidelines shall prevail. The following details are required to be reported:

- (i) **ISIN Description** shall be selected from the corporate bond list available in the CBRRP system
- (ii) **Counterparty** – All registered counterparties have been stored in the CBRRP data base and may be accordingly be selected and reported.
- (iii) **First Leg Price** – The first leg price at which the Eligible CBRRP Transaction has been contracted will need to be reported. However the reported price will exclude the brokerage, if it is a brokered deal.

- (iv) **First leg Consideration** : The actual consideration that is agreed to be exchanged on the first leg of Repo transaction will need to be reported. Such amount will be reported in Crores.
- (v) **Repo Rate** : The Repo Rate at which the Eligible CBRRP Transaction has been contracted will need to be reported
- (vi) **Repo Tenor** : The Repo Tenor for which the Eligible CBRRP Transaction has been contracted will need to be reported. Such tenors needs to be reported in Days. Repos in eligible CBRRP securities shall be for a minimum period of one day and a maximum period of one year or as such periods as may be prescribed
- (vi) Compliance with reporting requirements

FIMMDA expects all CBRRP Participants to report the Eligible CBRRP Transaction within the laid down timelines, and take adequate care to ensure that details of Eligible CBRRP Transaction are not misreported in any manner. Unless otherwise considered as a reasonable practice by FIMMDA, a pattern or practice of regular late reporting shall be considered as conduct inconsistent with high standards of commercial honor and just and equitable principles of trades. In this regard, FIMMDA shall be free to take such action as it may deem fit and/or report such delay to such regulator as it may deem fit.

(e) **Matching Pre-requisites**

Once both CBRRP Participants who are counterparties to Eligible CBRRP Transaction reports the transaction on CBRRP, such transactions would be considered for Matching. All such reported transaction would be first validated for matching with a Base matching criteria which includes ;

1. Counterparty : Both counterparties to a CBRRP transaction should have reported the other party as Counterparty to the transaction
2. Nature of Deal : if a reporting Member has reported Borrow transaction then the counterparty should have reported opposite transaction i.e Lend transaction.
3. ISIN : Both the CBRRP participants should report same Bond Description.
4. Deal Date : Both the CBRRP participants should report same Deal date of the eligible CBRRP Transactions..

5. Tenor : The Repo tenor entered by both CBRRP Participants should be same

Once all the five base criteria is matched, CBRRP would proceed with matching of remaining transaction fields such as Rate, Amount, Deal time, Intermediary.. During the matching process, if CBRRP encounters any discrepancies in reporting of above fields then CBRRP would provide appropriate information to the respective Participants through the queries available on CBRRP. If all the remaining details are also matched the same would considered as matched deal by CBRRP.

- a) FIMMDA may at its discretion, modify or change such rules, parameters and/or matching algorithms from time to time;

2. Modification and Cancellation of Orders

- a) FIMMDA shall have absolute discretion to allow the Members to modify and/or cancel their orders;
- b) A member may be permitted to modify or cancel its transaction, provided the reported transaction has not already been matched;
- c) Unmatched transaction(s) shall be modified by effecting changes in the such input parameters in the manner and subject to such conditions as specified by FIMMDA from time to time;

Cancellation of Matched Trades

- a) FIMMDA shall have absolute discretion to allow the Members to request cancellation of their matched trades. Such a request will have to be forwarded by both Counterparties to the trade to FIMMDA based on which FIMMDA may cancel the matched trade.
- b) FIMMDA may at its sole discretion or on behalf of RBI can cancel matched deal, to protect the interests of the members and for proper regulation of deal matching, suo moto annul deal(s) at any time, if FIMMDA is satisfied that such deal(s) is/are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and other misdemeanor.

Chapter 7: Termination of CBRRP service

- (a) FIMMDA may, upon notice to its members, either in writing and/or through publishing the same on its website, terminate CBRRP service.
- (b) A CBRRP participant who wishes to terminate its reporting obligations on the CBRRP system, may do so, after giving a written notice of its intention to FIMMDA. Such termination shall be effective, when FIMMDA accepts the notice and communicates the acceptance of such termination request to the relevant CBRRP Participant. Notwithstanding anything contained in this provision, the rights and obligations of the CBRRP participant arising prior to such termination shall not be affected in any manner whatsoever.
- (c) In the event that a CBRRP Participant fails to abide by the Applicable Law in relation to the CBRRP system and/or fails to honor contractual agreements entered into with FIMMDA, and/or fails to pay promptly (where applicable) for services rendered by the CBRRP system, FIMMDA has the unilateral right to refuse any CBRRP Participant from reporting the trade on the CBRRP system.
- (d) If a CBRRP participant is barred or made ineligible to participate in or to undertake Repo transaction in Corporate Bonds as per the norms and eligibility criteria prescribed by RBI from time to time, FIMMDA may unilaterally or otherwise terminate the membership of such participant.

Chapter 8: Miscellaneous:

(a) Liability:

FIMMDA or its employee or its agents shall not be liable for:

- (i) any inaccuracy, error and/or other omissions of trade data input by the CBRRP Participants in the CBRRP system
- (ii) any error in the transaction data disseminated on the CBRRP Platform
- (iii) any direct, indirect, incidental, consequential, or special damages, including, without limitation, damages for loss of profits, loss of revenue, loss of savings, trading losses, loss of data, business interruption, downtime, arising out of or in connection with any such inaccuracy, error or omission of data, delay or interruption in dissemination of trade data by FIMMDA or its employees or its agents due to force majeure event or any other cause beyond the reasonable control of FIMMDA or its employees or its agents
- (iv) failure of the communication system on which CBRRP platform is based
- (v) any other cause and/or event beyond the control of FIMMDA or its employees or its agents

(b) Indemnity

- (i) Without prejudice to the other rights and remedies available to FIMMDA, a CBRRP Participant shall indemnify and keep indemnified, FIMMDA or its employees or its agents against any loss/damage suffered by FIMMDA in providing the services to the CBRRP Participant and any other loss, damage, cost, expenses (including reasonable attorney fees) arising from a CBRRP Participant's default, misconduct and/or negligence on the part of the CBRRP Participant and/or any employee, agent, servant or representative of the CBRRP Participant. This shall be a continuing indemnity notwithstanding cessation of membership.
- (ii) FIMMDA or its employees or its agents shall hold harmless the CBRRP Applicant against any willful default on part of FIMMDA in relation to the services required to be provided for operation the CBRRP.

(c) Dispute Resolution

Courts in Mumbai shall have exclusive jurisdiction to entertain all Claims, differences and/or disputes between the CBRRP Participants inter-se and/or between a CBRRP

Participant and FIMMDA arising out of or in relation to dealings, contracts or transactions executed or reported on the CBRRP.⁶

- (d) Save as otherwise specifically provided, FIMMDA, its employees, its agents and/or their employees shall not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any CBRRP Eligible Security shall lie against FIMMDA, its Directors, employees, officers or agents or any authorized person(s) acting for FIMMDA in good faith.
- (e) No claim, suit, prosecution and/or other legal proceeding shall lie against FIMMDA, its Directors, employees, officers, agents, their employees and/or any authorized person(s) acting for FIMMDA in respect of anything which is done and/or intended to be done in good faith in pursuance of any order or other binding directive issued to FIMMDA under any law or delegated legislation for the time being in force or anything done pursuant to the provisions of Applicable Law.
- (f) FIMMDA shall have the unfettered discretion to part with/disclose and/or disseminate such information concerning the trade reported on the CBRRP as deemed necessary to any regulatory, governmental or other agencies.
- (g) No failure or delay on the part of FIMMDA 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 FIMMDA from further exercise thereof.