REPORTING & SETTLEMENT OF OTC CORPORATE BONDS TRANSACTIONS UNDER DVP 1 SYSTEM through Clearing Corporation of Exchanges
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OTC Transactions in

- Corporate Bonds
- Corporate Bond REPOS
- Commercial Paper (CP)
- Certificate of Deposit (CD)
Trade Reporting

- Along with reporting a trade, settlement attributes also reported
- Venue of settlement
- Terms of trade T0 T1 or T2
- Total consideration
- Custodian settlement
- Information passed on by the reporting platform to venue of settlement intra day.
OTC Deals Strike & Reporting

Registered Seller

Deal Struck

Registered Buyer

F-TRAC

Buyer – seller All Fields MATCHED

Buyer – seller All Fields NOT MATCHED

Clearing Corporation of Exchanges For Settlement

Unmatched Deals need to be modified & matched OR cancelled and deleted from F-TRAC by mutual agreement
UNDER EXCEPTIONAL CIRCUMSTANCES ONLY
OTC Deals & Settlement Between FTRAC member & Non-member & Reported on different Platforms

(Preferable that both parties are members of same RPs and CCs)
Reporting & Settlement Process for OTC Deals Between FTRAC member & Non-member reported on different Platforms

1) OTC deal done over the phone or through broker
2) Reporting by Seller to BSE’s platform
2A) Reporting by Buyer to F-TRAC platform
3) Information flow regarding seller, buyer, bond & consideration particulars from Exch. 1 to Clg. Corp. 1
3A) instruction from clearing Corporation (Clg. Corp. 1) to Buyer to arrange funds to Clearing Corporations Pooling A/c with RBI
4) Instruction from seller to Depository to transfer bonds to Pooling A/c of Clearing Corporation
4A) Funds Pay-in: RTGS transfer of funds from Buyer to Clearing Corporation pooling A/c at RBI
5) Bonds Pay-in by Sellers Depository to Clearing Corporation Pooling A/c
6) Bonds Pay-out from Clearing Corporation pooling A/c to Depository A/c of Buyer
6A) Fund pay-out from Clearing Corporation’s Pooling A/c at RBI to Seller’s A/c at RBI through RTGS
Settlement

- Securities (Bonds CP CD) settled in depositories
- Existing demat account of participants
- Funds settled through RBI RTGS
- Participants who have RBI RTGS account
  - Buyers transfer funds to Settlement account
  - Sellers receive funds from Settlement account
- Participants who do not have RBI RTGS account
  - Buyers avail their bankers facility to transfer funds to settlement account
  - Sellers receive funds through bankers RTGS facility
DVP 1 Settlement (Normal)

1. Registered Seller
   - Transfer Slip to DP

2. Transfer Bonds
   - CC B/O A/C

3. Bonds Pay-In
   - Matching payin with obligation
   - a. Process Funds Received
   - b. Process Bonds Received
   - c. Sends notification to buyer
   - d. Sends Notification to Seller
   - e. Follow Up
   - f. Executes Settlements & Payouts

4. Bonds Pay-Out
   - Funds Pay-Out
   - Bank

5. Transfer Funds
   - RBI CC RTGS A/C

6. Settlement Notification
   - Bank
   - Registered Buyer

1a. Initiates RTGS

PPT Courtesy NSE
Failed Trades (Funds not Received from Buyer)
Bonds returned to Seller if Seller delivers bonds

**Failed Trades appear on NSE & BSE Websites**
PPT Courtesy NSE
Failed Trades (Bonds not received from seller) Funds returned to buyer if buyer transfers funds.
Thank You