REPORTING & SETTLEMENT OF OTC CORPORATE BONDS TRANSACTIONS UNDER DVP 1 SYSTEM through Clearing Corporation of Exchanges
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- OTC Transactions
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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 Buyer -> Deal Struck -> F-TRAC (Buyer – seller All Fields MATCHED)

Registered Seller -> Deal Struck -> F-TRAC (Buyer – seller All Fields NOT MATCHED)

F-TRAC (Unmatched Deals)

Unmatched Deals need to be modified & matched OR cancelled and deleted from F-TRAC by mutual agreement.
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
   - Initiates RTGS

2. Transfer Slip to DP
   - Transfer Bonds

3. Depository
   - Bonds Pay-In
   - Matching pay-in with obligation

4. Bonds Pay-Out
   - 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

5. RBI
   - Transfer Funds

6. Bank
   - Settlement Notification

6a. Bank
   - Settlement Notification

2a. Bank
   - Initiates RTGS

3a. Funds Pay-In

4a. Funds Pay-Out

5a. Transfer Funds

Registered Seller

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

1. Registered Seller
   - Transfer Slip to DP

2. DP of the Seller
   - Transfer Bonds
   - Return of Bonds

3. Depository
   - Matching payin with obligation
   - Bonds Pay-In
   - Funds Pay-In

4. CC B/O A/C
   - Funds Pay-In
   - Funds Pay-Out
   - Transfer Slip to DP
   - Transfer Bonds

4a. Funds Pay-Out
   - Transfer Funds

4b. Return of Bonds
   - Transfer Funds

5. Buyer’s BO A/c
   - Settlement Notification

6. Registered Buyer
   - Initiates RTGS

6a. Settlement Notification

Bank

RBI
CC RTGS A/C

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
Failed Trades (Bonds not received from seller)
Funds returned to buyer if buyer transfers funds

1. Transfer Slip to DP
2. Transfer Bonds
3a. Funds Pay-In
3b. Bank
4a. Funds Pay-Out
4b. Bonds Pay-Out
5a. Transfer Funds
5b. RBI
6. Settlement Notification

Matching payin with obligation

Processes:
- Process Funds Received
- Process Bonds Received
- Sends notification to buyer
- Sends Notification to Seller
- Follow Up
- Executes Settlements & Payouts

Failed Trades (Bonds not received from seller)
Thank You