



Date: 13<sup>th</sup> October 2011.

FIMCIR/2011-12/29

All Members registered with CBRICS/ New Members

Dear Sir/Madam

**Launching of FIMMDA Integrated Reporting platform (F-TRAC) for deals in Corporate bond, Corporate Bond Repo, CDs/CPs**

As you are aware that, in terms of instructions from Regulators viz SEBI and RBI, FIMMDA has set up a Reporting platform (CBRICS), leased from NSEIL, for reporting of trades in Corporate Bonds and CPs/CDs and the registered members have been reporting their trades in these debt securities in the platform since October 2007. Simultaneously, FIMMDA has also set up its own reporting platform for trades in Repo in Corporate Bond (CBRRP), software developed by and managed by Clearcorp Dealing System (India) Ltd.(CDSIL), which is in operational since 1<sup>st</sup> July 2010.

In order to consolidate all the above categories trades reporting into one platform, FIMMDA has now developed, with the association of CDSIL, an integrated reporting platform for reporting the trades in:

- a) Corporate Bonds
- b) Repo in Corporate Bonds
- c) CDs/CPs

The reporting platform is being set ready for operation shortly. The reporting platform will have the facility for the entities to report their deals in all the above mentioned debt securities in one platform. Furthermore, the reporting platform, which is named as F-TRAC, will have the capability for users for sending trades details for settlement by STP solution through their choice clearing house exchanges.

Accordingly all entities, including those already registered with CBRICS with NSEIL or CBRRP, mandated to report their deals in the abovementioned securities, are now requested to send the duly filled in and signed Registration form and Rules & Regulations (available on the website [www.fimmda.org](http://www.fimmda.org)) to enable us to incorporate the data in the system.

All members are requested to send the Registration form at the earliest to enable us to switch over to the new platform smoothly and speedily.

(The link for accessing and reporting the trades will be made available on our website [www.fimmda.org](http://www.fimmda.org))

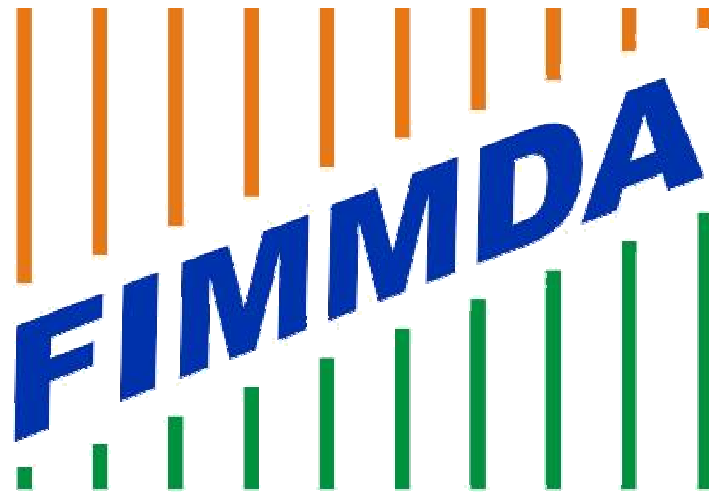
**The registration and other charges required to be levied will be advised separately.**

Thanking you,

Yours faithfully,

C.E.S.Azariah,

Chief Executive Officer.



*Nurturing Markets,  
Widening Horizons*

F-TRAC

FIMMDA's Trade Reporting And Confirmation

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## Chapter 1: INTRODUCTION

The contents of this document constitutes Fixed Income Money Market And Derivatives Association of India (“**FIMMDA**”) guiding principles, Rules, regulations and procedures for operating on F-TRAC viz., FIMMDA’s Trade Reporting and Confirmation (henceforth referred as “**F-TRAC**”).

## Chapter 2: APPLICABILITY

The Rules (as defined below) shall be applicable to all Eligible Participant reporting their trades on F-TRAC.

### **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 Applicable Law, the circulars / notifications issued by RBI and/or SEBI in regard to reporting of trades in (i) certificate of deposit; (ii) commercial paper; (iii) corporate bond; and (iv) repo in corporate bond, as the case may be.

#### **Definitions:**

- (a) **“Applicable Law”** shall mean the FIMMDA’s Handbook of Market Practices, F-TRAC operating guidelines, other circulars and notices issued by FIMMDA, the circulars/ notifications issued by RBI and/or SEBI in regard to trades in (i) certificate of deposit; (ii) commercial paper; (iii) corporate bond; and (iv) repo 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 (RTGS) operated by or on behalf of RBI.
- (c) **“Eligible Security”** shall mean and include all listed Indian Rupee denominated debt/money market securities issued by institutions such as banks, public sector undertakings, municipal corporations, body corporate and companies and/or such other entities as may be permitted under the Applicable Law from time to time. The term “Eligible Securities” shall exclude (i) debt issued by and/or on behalf of the Central or State Governments, (ii) mortgage backed securities, (iii) asset backed securities, (iv) collateralized mortgage obligations and (iv) money market instruments which excludes certificate of deposit and commercial paper. For the purpose of this definition, “money market instrument” means a debt security that at issuance has a maturity of one year or less.
- (d) **“Eligible Participant”** shall mean and include all such entities which are registered as participants on F-TRAC and are eligible to undertake trades in (i) certificate(s) of deposit and/or commercial paper(s) transactions in primary and/or secondary market; (ii) outright corporate bonds trades in secondary market ; and/or (iii) repo transactions in corporate bonds; as permitted by RBI and SEBI and/or any other regulator empowered to do so from time to time.
- (e) **“FIMMDA Documents”** shall mean the, F-TRAC operating guidelines and/or any other circulars and notices issued by FIMMDA in this regard, from time to time.
- (f) **“F-TRAC”** shall mean FIMMDA’s Internet based Trade Reporting and Confirmation for capturing/ reporting of trades in (i) certificate(s) of deposit and/or commercial paper(s) transactions in primary and/or secondary market; (ii) outright corporate bonds trades in secondary market ; and (iii) repo transactions in corporate bonds.
- (g) **“RBI”** shall mean the Reserve Bank of India as constituted under Section 3 of the Reserve Bank of India Act, 1934”.
- (h) **“Rules”** shall mean the FIMMDA Rules for operating F-TRAC 2011 as amended from time to time.

- (i) **“SEBI”** shall mean Securities and Exchange Board of India as constituted under Section 3 of the Securities and Exchange Board of India Act, 1992.
- (j) **“Transactions”** shall mean the transactions in (i) certificate(s) of deposit and/or commercial paper(s) transactions in primary and/or secondary market; (ii) outright corporate bonds trades in secondary market; and/or (iii) repo transactions in corporate bonds.

## Chapter 4: OBTAINING MEMBERSHIP AS A PARTICIPANT

### (a) **General**

Based on the directives issued by RBI and/or SEBI, all Eligible Participants are required to report their Transaction on F-TRAC. These Rules deal with the guidelines for reporting of Transaction on F-TRAC.

### (b) **Membership /Participating requirements**

(i) An entity intending to become a Eligible Participant shall be required to comply with the following requirements:

(A) The Eligible Participant should be eligible as per the eligibility criteria prescribed by RBI / SEBI and/or any other regulator empowered to do so from time to time to undertake Transactions eligible for reporting on the F-TRAC;

(B) The Eligible Participant should submit the participation application form and execute the participant application agreement provided by FIMMDA for access of F-TRAC; and

(C) The Eligible Participant will also have to execute an undertaking that it will comply with all applicable rules and operating procedures laid down by Applicable Law, as may be amended from time to time, in relation to participation rights for accessing the F-TRAC.

(ii) Mere submission of the completed application form and participation application agreement and/or any additional information sought by FIMMDA does not by itself constitute any privilege for any applicant to claim participation right for accessing the F-TRAC. FIMMDA reserves the right to reject the participant application made by any entity, without assigning any reasons therefore.

(iii) Upon the grant of participation rights for reporting Transactions on the F-TRAC, the Eligible Participant shall be allotted a participant number which shall be unique to that Eligible Participant.

(iv) Every user within every Eligible Participant shall be allotted a user number / user ID which shall be unique to that user within his/her Eligible Participant.

(v) Every Eligible Participant shall use the concerned participant number and user ID to log in to F-TRAC.

(vi) Every Eligible Participant shall ensure that the use of its participant number and/or user ID is restricted to its authorized personnel only.

FIMMDA and/or any of its officials or its agents shall not in any way be liable for any loss or damage or consequential loss caused to the Eligible Participant that has arisen on account of unauthorised and/or wrongful use of participant number and/or user ID.

(vii) An Eligible Participant shall not permit itself or any other person(s) to –

(a) use the software provided by FIMMDA for any purpose other than that approved and specified by FIMMDA;



- (b) copy, alter, modify or make available to any other entity or person the software provided by FIMMDA; and
  - (c) use the software in any manner other than as specified by FIMMDA.
- (viii) The intellectual property rights of all such software shall be with FIMMDA and any unauthorised use of the same shall be treated as infringement and dealt with accordingly.

(c) **Cancellation/Suspension/Revocation of Participation**

In the event that the Eligible Participant fails to comply with the provisions of the application form, participation application agreement, FIMMDA Documents, Applicable Law or any other document/undertaking executed by the Eligible Participant as required by FIMMDA for being admitted as a Eligible Participant. FIMMDA reserves the right to cancel, revoke or suspend such Eligible Participant and impose fine and/or penalty of like nature for such non compliance.

Notice shall be given to the Eligible Participant 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 Eligible 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 Eligible Participant. No action or other proceedings shall in any circumstances be maintainable by such person against FIMMDA and/or its agents or any officer or employee of FIMMDA for the publication or circulation of such notification.

The Eligible Participant hereby releases, acquits, and forever discharges FIMMDA, from any and all rights, actions, claims, demands, costs, contracts, liabilities, obligations, damages and causes of action whether known, suspected or unknown, whether in law or in equity, which the Eligible Participant, had or now have or may claim to have by reason of those matters set forth in the participant application agreement and/or Rules and any other matters which may relate, or which may have been related, to any subject matter which was, or could have been, raised in connection with the participant application agreement and/or Rules.

## Chapter 5: CODE OF CONDUCT

An Eligible Participant shall be required to adhere to the following requirements at all times when it is reporting its trades on the F-TRAC:

- (a) Upon receipt by FIMMDA of a duly executed copy of the F-TRAC participant application agreement and grant of the requisite IDs by FIMMDA, an Eligible Participant is required to commence reporting of trade information on the F-TRAC. The Eligible Participants shall access F-TRAC only via FIMMDA approved software 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 participant application agreement and the Eligible Participant shall, at all times, be required to strictly adhere to the Rules.
- (c) The Eligible Participant shall abide by and comply with and adhere to the Applicable Laws that may be promulgated from time to time.
- (d) The passwords required to use the F-TRAC shall be held in strict confidence and for its sole and exclusive use. The Eligible Participant shall accept full responsibility for the consequences of divulging passwords to any unauthorized parties or for 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 Eligible Participant (or any user logged in through the user ID and password provided to the Eligible Participant) or any capacity, restrictions or limitations of their authorisations. Without any prejudice to the aforementioned provision, FIMMDA reserves the right to take any action including cancellation of the participation right and/or any other disciplinary action, it deems fit for violation of the aforementioned provision.
- (e) FIMMDA will treat each communication received through the F-TRAC, without further review as a validly authorized communication of the Eligible Participant.
- (f) The records and electronic files of FIMMDA shall be sufficient evidence of Transactions reported through F-TRAC 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 Eligible Participant shall promptly notify FIMMDA upon becoming aware in the event of any unauthorized access to the F-TRAC and/or any of its user- IDs and/or passwords being compromised in any manner.
- (h) An Eligible Participant shall notify in writing to FIMMDA at least 2 Business Days before a user leaves the Eligible 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 Eligible Participant that the user ID has been disabled.
- (i) The Eligible Participant shall inform FIMMDA of any changes and/or non-compliance to/with any of the participation requirements set forth in the F-TRAC 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 Eligible Participant shall be required to report all information in relation to the Transaction promptly, accurately, and completely.
- (k) The Eligible Participant shall not use and/or allow the use of the F-TRAC 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 F-TRAC, is not a secure network and FIMMDA shall have no responsibility relating to Eligible Participant's use of the internet.
- (m) FIMMDA makes no representation that the F-TRAC shall be free from all known viruses and the Eligible Participant shall, at its own expense, employ such anti virus software/virus scanning software and take adequate precautions in respect of its use of the F-TRAC as the Eligible Participant shall in its own discretion consider necessary.
- (n) FIMMDA has not given the Eligible Participant any advice and has not given any discretion in relation to the F-TRAC Transactions or otherwise. Nothing contained on the F-TRAC constitutes investment advice, assurance and/or guarantee as to the expected outcome of any strategy in relation to the Transactions. The Eligible Participant will not rely upon the contents of the F-TRAC, 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 Transactions.
- (o) The Eligible Participant may take suitable and adequate insurance coverage, which shall include all/any liabilities, losses and damages that may occur on account of operations or failure of operations in F-TRAC.
- (p) The Eligible Participant shall promptly pay any charges, as may be prescribed by FIMMDA, for operating on F-TRAC.
- (q) The F-TRAC is merely a platform developed for the purpose of reporting Transactions and Eligible Participants opting for settlement of those Transactions through the eligible clearing houses would have to indicate so (wherever permitted to be settled through clearing houses), while reporting the Transactions. F-TRAC will merely facilitate straight through processing of reported trade information to concerned clearing houses for settlement. FIMMDA is in no way would be involved in the clearing and settlement function in relation to trades reported on F-TRAC. Eligible Participants should understand that the data submitted by FIMMDA to the concerned clearing house is purely based on the data reported on the F-TRAC by respective Eligible Participants and FIMMDA and/or its agents are under no obligation to verify the same independently or otherwise. In view of same, FIMMDA and /or its agents, shall not be liable in any manner whatsoever for misreporting any trade data details of/by the Eligible Participants. Further FIMMDA and/or its agent shall not be liable if in case of any loss or destruction of or damage to, data held by FIMMDA while providing the trade data details to concerned clearing house. The Eligible Participants are individually responsible for ensuring settlement of Transactions entered into by them.
- (r) The Eligible Participant hereby releases, acquits, and forever discharges FIMMDA, from any and all rights, actions, claims, debts, demands, costs, contracts, liabilities, obligations, damages and causes of action whether known, suspected or unknown, whether in law or in equity, which the Eligible Participant, had or now have or may claim to have by reason of those matters set forth in the participant application agreement and/or Rules and any other matters which may relate, or which may have been related, to any subject matter which was, or could have been, raised in connection to the participant application agreement and/or Rules.

## Chapter 6: REPORTING & MATCHING REQUIREMENTS

(a) Obligation of reporting of Transactions on F-TRAC

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

- (i) Transactions shall be reported on F-TRAC by Eligible Participants only in respect of those trades which are required to be reported on F-TRAC as per the directives/circulars issues by SEBI, RBI or any other competent regulator in respect of the concerned market from time to time;
- (ii) Repo transactions reported by a Eligible Participant shall always be only with those counterparties with whom the concerned Eligible Participant has a valid Global Master Repurchase Agreement or such other arrangement as may be prescribed by the RBI from time to time;
- (iii) Both the counterparties to every trade are required to report accurately and completely all relevant details of the trade as stipulated/required for F-TRAC, as set out in Annexure appended hereto or as communicated by FIMMDA from time to time;
- (iv) Consequent to reporting of trade details by both the counterparties they will be matched internally by the F-TRAC and upon matching, market related information would be disseminated on the F-TRAC and FIMMDA website; and
- (v) If the reported Transaction is marked for settlement through the eligible clearing house, the trade data would be sent to respective clearing house through the Straight through Processing (STP) immediately upon matching at near to online basis.

(b) Time frame for reporting of Transaction on F-TRAC

- (i) Transaction executed during the F-TRAC hours:

An Eligible Participant, who is required to report the Transaction information on F-TRAC, must report within the stipulate time as specified by the concerned regulators from time to time for such reporting. The F-TRAC would be made available to the Eligible Participant's as per below mentioned timings for the following segment on a Business Day

Segment	Open Time	Close Time
CD	9.30	17.30
CP	9.30	17.30
CB-Outright	9.30	17.30
CB-Repo	9.00	18.00

Transaction must be reported during the working hours of F-TRAC; and

- (ii) Transaction executed but omitted to report on F-TRAC:

All Transaction needs to be reported on F-TRAC as per the scheme prescribed by concerned regulators. Reporting of Transaction on next business day would be permitted on F-TRAC as per the guidelines specified by the concerned regulators for this purpose. If a Transaction that should have been reported by 17.30 p.m. on the day of the trade, could not be reported for any reason whatsoever, then it has to be reported between 9:30a.m. and 10:00 a.m. on the next Business Day.

(c) Information to be reported

The Eligible Participant shall report all relevant Transactions details as specified in the F-TRAC and such other details as may be required to be reported under Applicable Law from time to time and which are necessarily required for the settlement of Transactions by the respective clearing houses.

Procedure for reporting of Transaction for each segment is described in the Annexure in details for segment wise that F-TRAC caters to;

## Chapter 7: TERMINATION OF –F-TRAC SERVICE

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

## Chapter 8: MISCELLANEOUS:

(a) **Liability:**

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

- (i) any inaccuracy, error and/or omissions of trade data input by the Eligible Participants in the F-TRAC;
- (ii) any error in the Transaction data disseminated on the F-TRAC;
- (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 Transaction 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 F-TRAC is based; and
- (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 Eligible 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 Eligible Participant and any other loss, damage, cost, expenses (including reasonable attorney fees) arising from a Eligible Participant's default, misconduct and/or negligence on the part of the Eligible Participant and/or any employee, agent, servant or representative of the Eligible Participant. This shall be a continuing indemnity notwithstanding cessation of participation; and
- (ii) FIMMDA or its employees or its agents shall hold harmless the F-TRAC applicant against any willful default on part of FIMMDA in relation to the services required to be provided for operation the F-TRAC.

(c) **Dispute Resolution**

Courts in Mumbai shall have exclusive jurisdiction to entertain all claims, differences and/or disputes between the Eligible Participants inter-se and/or between Eligible Participant and FIMMDA arising out of or in relation to dealings, contracts or Transactions executed or reported on the F-TRAC.

- (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 Eligible Participant 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) Where any applicable government or regulatory authority directs, encourages or otherwise recommends the disclosure or exchange of information concerning the trade reported on the F-TRAC, each Eligible Participant consents to the communication and disclosure of information relating to information concerning the trade reported on the F-

TRAC to such person as the applicable government or regulatory authority may direct, encourage or recommend.

- (g) No failure or delay on the part of FIMMDA in the exercise of any power, right or privilege hereunder 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.



## Annexure I

### **Procedure for reporting of Transactions in corporate bond repo.**

The requirements and instruction are set out in the F-TRAC operating guidelines. In the event of any inconsistency between the provisions of these Rules and the F-TRAC operating guidelines, the provisions of the F-TRAC operating guidelines shall prevail. The following important details are required to be reported:

- (a) **Deal Type** - shall be selected from the drop down list as borrow or lend.
- (b) **ISIN Description** - shall be selected from the corporate bond list available in the deal entry form.
- (c) **Counterparty** – All Eligible Participant have been stored in the data base and accordingly will be selected and reported.
- (d) **Bond Rating** – Applicable ratings for bonds to be selected.
- (e) **Repo Tenor (Days)** - The Repo tenor for which the transaction has been contracted will need to be reported. Such tenor needs to be reported in Days. Repos in corporate bonds shall be for a minimum period of one day and a maximum period of one year or as such periods as may be prescribed.
- (f) **Amount in (FV)** – The nominal value of the bonds shall be entered in face value terms.
- (g) **Repo Rate** - The repo rate at which the Transaction has been contracted will need to be reported.
- (h) **First Leg Price** – The first leg clean price at which the Transaction has been contracted will need to be reported. However the reported price will exclude the brokerage, if it is a brokered deal.
- (i) **Accrued Interest** – Interest accrued on the respective bonds till the first leg settlement, needs to be inputted in this field.
- (j) **Collateral Value** - Based on the bond nominal value, first leg price and accrued interest entered by users system would compute the collateral value of bond.
- (k) **Hair Cut** – Applicable haircut as decided by lender would be implemented here to compute the 1<sup>st</sup> leg consideration vice a versa user can input 1<sup>st</sup> leg consideration to compute Hair cut.
- (l) **First Leg Consideration** - First leg consideration would be computed applying hair cut on the Collateral Value of the bond.
- (m) **Quantity**- Based on the nominal value inputted by the Eligible Participant, system would compute the quantity, however incase the quantity computed by the system does not tally with the Eligible Participants quantity the same is allowed to be modified.
- (n) **Intention to Settle** - The Eligible Participants opting for settlement through the clearing house then they are required to indicate and select the clearing house.
- (o) **Compliance with reporting requirements**

FIMMDA expects all Eligible Participants to report the Transaction within the laid down timelines, and take adequate care to ensure that details of the 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.

### **Matching Pre-requisites**

Once the Eligible Participants who are counterparties to Transaction report the Transaction on F-TRAC, such Transactions would be considered for matching. All such reported Transaction would be first validated for matching with base matching criteria which includes;

- (a) Counterparty: One of the Eligible Participant should have reported the other party as counterparty to the Transaction.
- (b) Deal Type: If a Transaction has reported borrow transaction then the other counterparty should have reported opposite transaction i.e. lend transaction.
- (c) ISIN: Both the Eligible Participants should report same Bond Description.
- (d) Deal Date: Both the Eligible Participants should report same deal date of the Transactions.
- (e) Settlement Type: - The settlement type selected by both Eligible Participants should be same.
- (f) Tenor: The repo tenor entered by both Eligible Participants should be same.

Once all the six base criteria are matched, system would proceed with matching of remaining Transaction fields such as rate, amount (FV), haircut 1st leg consideration, quantity, deal time, intermediary and intention to settle.

During the matching process, if system encounters any discrepancies in reporting of above fields then it would provide appropriate information to the respective Eligible Participants through the queries available on the system. If all the remaining details are also matched the same would considered as matched deal by system.

FIMMDA may at its discretion, modify or change such rules, parameters and/or matching algorithms from time to time.

### **Modification and Cancellation of Orders**

- (a) FIMMDA shall have absolute discretion to allow the Eligible Participants to modify and/or cancel their orders.
- (b) A Eligible Participant 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 Eligible Participant to request cancellation of their matched trades. Such a request will have to be forwarded by both Eligible Participant 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 Eligible Participant 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.

## Annexure II

### **Procedure for reporting of Transactions in corporate bond outright market.**

The requirements and instruction are set out in the F-TRAC operating guidelines. In the event of any inconsistency between the provisions of these Rules and the F- TRAC operating guidelines, the provisions of the F-TRAC operating guidelines shall prevail. The following important details are required to be reported:

- (a) **Deal Type** - shall be selected from the drop down list as buy or sell.
- (b) **ISIN Description** - shall be selected from the corporate bond list available in the deal entry form.
- (c) **Counterparty** – All Eligible Participant have been stored in the data base and accordingly will be selected and reported.
- (d) **Amount in (FV)** – The nominal value of the bonds shall be entered in face value terms.
- (e) **Price** – shall be the price at which the Transaction has been contracted and will need to be reported. However the reported price will exclude the brokerage, if it is a brokered deal.
- (f) **Yield** - The yield at which the Transaction has been contracted will need to be reported.
- (g) **Accrued Interest** – Interest accrued on the respective bonds till the settlement date, needs to be implemented in this field.
- (h) **Consideration** - Based on the amount, price and the accrued interest implemented, F-TRAC would compute the consideration amount for the trade.
- (i) **Quantity**- Based on the nominal value implemented by the Eligible Participant, F-TRAC would compute the quantity, however incase the quantity computed by the F-TRAC does not tally with the Eligible Participants quantity the same is allowed to be modified.
- (j) **Intention to Settle** - Incase the Eligible Participants opting for settlement through the clearing house then they are required to indicate and select the clearing house.
- (k) **Compliance with reporting requirements**

FIMMDA expects all Eligible Participants to report the Transaction within the laid down timelines, and take adequate care to ensure that details of the 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.

### **Matching Pre-requisites**

Once both the Eligible Participants who are counterparties to Transaction report the Transaction on F-TRAC's corporate bond system, such Transactions would be considered for matching. All

such reported Transaction would be first validated for matching with base matching criteria which includes the following:

- (a) Counterparty: Both the Eligible Participant to the Transaction should have reported the other party as counterparty to the Transaction.
- (b) Deal Type: If a Eligible Participant has reported buy transaction then the counterparty should have reported the opposite Transaction i.e. sell transaction.
- (c) ISIN: Both the participants should report same Bond Description.
- (d) Deal Date: Both the participants should report same Deal date of the Transactions.
- (e) Settlement Type: The settlement type selected by both Participants should be same.

Once all the five base criteria are matched, System would proceed with matching of remaining Transaction fields such as amount (FV), yield, accrued interest, consideration, quantity, deal time, intermediary and intention to settle.

During the matching process, if encounters any discrepancies in reporting of above fields then system would provide appropriate information to the respective Participants through the queries available on system. If all the remaining details are also matched the same would considered as matched deal by system.

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

#### **Modification and Cancellation of Orders**

- (a) FIMMDA shall have absolute discretion to allow the Eligible Participant to modify and/or cancel their orders.
- (b) A Eligible Participant 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 Eligible Participant to request cancellation of their matched trades. Such a request will have to be forwarded by both the Eligible Participant 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 concerned Regulator can cancel matched deal, to protect the interests of the Eligible Participant 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.

**Procedures for reporting of Transactions in certificate of deposit and commercial paper markets.**

The requirements and instruction are set out in the F-TRAC operating guidelines. In the event of any inconsistency between the provisions of these Rules and the F-TRADEF-TRAC operating guidelines, the provisions of the F-TRAC operating guidelines shall prevail. The following important details are required to be reported:

- (a) **Deal Type** - shall be selected from the drop down list as buy or sell.
- (b) **ISIN Description** - shall be selected from the corporate bond list available in the Deal Entry form.
- (c) **Counterparty** – All Eligible Participant have been stored in the data base and accordingly will be selected and reported.
- (d) **Amount in (FV)** – The nominal value of the bonds shall be entered in face value terms.
- (e) **Yield** - The yield at which the Transaction has been contracted will need to be reported.
- (f) **Price** – The Deal price would be computed by the system based on the yield and residual tenor of certificate of deposit or commercial paper.
- (g) **Consideration** - Based on the amount, price and the accrued interest inputted, system would compute the consideration amount for the trade.
- (h) **Quantity** - Based on the nominal value implemented by the Eligible Participant, the system would compute the quantity, however incase the quantity computed by the system does not tally with the Eligible Participants quantity the same is allowed to be modified.
- (i) **Discount** – System would compute the discount amount based on the difference between consideration of trade and the maturity Value.
- (j) **Intention to Settle** - Incase the Eligible Participants opting for settlement through the clearing house then they are required to indicate and select the clearing house.
- (k) **Compliance with reporting requirements** -

FIMMDA expects all Eligible Participants to report the Transaction within the laid down timelines, and take adequate care to ensure that details of 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.

**Matching Pre-requisites**

Once both the Eligible Participants who are counterparties to Transaction reports the Transaction on F-TRAC, such Transactions would be considered for matching. All such reported Transaction would be first validated for matching with base matching criteria which includes;

- (a) Counterparty: both Eligible Participants to the Transaction should have reported the other party as counterparty to the Transaction.
- (b) Deal Type: if an Eligible Participant has reported buy transaction then the counterparty should have reported opposite transaction i.e sell transaction.
- (c) ISIN: both the Eligible Participants should report same bond description.
- (d) Deal Date: both the Eligible Participants should report same deal date of the Transactions.
- (e) Settlement Type: the settlement type selected by both Eligible Participants should be same.

Once all the five base criteria are matched, system would proceed with matching of remaining transaction fields such as amount (FV), yield, quantity, deal time, intermediary and intention to settle.

During the matching process, if encounters any discrepancies in reporting of above fields then system would provide appropriate information to the respective Eligible Participants through the queries available on system. If all the remaining details are also matched the same would be considered as matched deal by system.

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

#### **Modification and Cancellation of Orders**

- (a) FIMMDA shall have absolute discretion to allow the Eligible Participant to modify and/or cancel their orders.
- (b) An Eligible Participant 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 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 Eligible Participant to request cancellation of their matched trades. Such a request will have to be forwarded by both Eligible Participant to the trade to FIMMDA based on which FIMMDA may cancel the matched trade.

FIMMDA may at its sole discretion or on behalf of concerned regulator can cancel matched deal, to protect the interests of the Eligible Participant 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.

## Application Form

Format of the application form for seeking participation rights on the Fixed Income Money Market and Derivatives Association of India's ("FIMMDA") Internet based Trade Reporting and Confirmation ("F-TRAC"). The same is required to be stamped as an Agreement not otherwise provided for in the Stamp Act. In Maharashtra, it attracts a stamp duty of Rs.100/- under Article 5(h) of Bombay Stamp Act<sup>1</sup>.

To:

**The Chief Executive Officer**

**Fixed Income Money Market & Derivatives Association of India**

**2<sup>nd</sup> Floor, "The International",**

**16, Maharshi Karve Road,**

**Churchgate**

**Mumbai – 400 020**

Dear Sir,

### REQUEST FOR PARTICIPATION RIGHTS FOR REPORTING TRADES ON THE F-TRAC

1) We hereby seek participation rights for reporting trades in the following segment on the F-TRAC.

Sr. No	Segment	Put Tick for Segment
1	Certificate of Deposit (CD)	
2	Commercial Paper (CP)	
3	Corporate Bond (CB)	
4	Corporate Bond Repo (CB Repo)	
5	Securitized Debt (SD)	

2) The requisite particulars, as required, are as under:

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<b>A</b>	<b>Name of Applicant</b>				
<b>B</b>	<b>Member Category</b>				
<b>C</b>	<b>Contact Details of Key functionaries in Operating in above Segment(s)</b>				
		<b>Head of Treasury</b>	<b>Head of Dealing / Chief Dealer</b>	<b>Head of Treasury Operations / Back Office</b>	<b>Head of Mid Office / Risk Management</b>
	<b>Name</b>				
	<b>Designation</b>				
	<b>Postal Address</b>				
	<b>Telephone Number(s)</b>				
	<b>Mobile Number(s)</b>				
	<b>Telefax Number(s)</b>				
	<b>E-mail ID</b>				
<b>E</b>	<b>Contact Details of Key IT Functionaries</b>				
		<b>IT Head / Systems-in-Charge</b>			



- 3) We hereby undertake that we shall access the F- TRAC only from our business premises or from authorized locations at our cost, along with the requisite with minimum required band which is specified for the smooth connectivity and functioning of F-TRAC;
- 4) We hereby undertake not to replicate/duplicate any software/hardware provided by FIMMDA. We undertake to modify, upgrade or replace the requisite infrastructure for accessing the F-TRAC at our own cost as and when advised to do so;
- 5) We undertake to download the requisite reports from F-TRAC . We are aware and acknowledge that FIMMDA will not provide separate reports
- 6) 8. We hereby affirm that –
  - (a) we are eligible to undertake transaction in segments which are applied for as above in paragraph 1;
  - (b) all necessary agreement /exposure with counterparties are in place as may necessary for the purpose of undertaking transactions in any of above applied segments ;
  - (c) all necessary approval(s) / documentation as required in terms of operations in market has been obtained and adhered to prior to making this request for participation on F-TRAC;
  - (d) all regulatory requirements are being duly complied with and there has been no penal action against us from regulators for non-compliance;
  - (e) adequate internal control and risk management systems are in place;
  - (f) we have not been subject to any order of disqualification by any statutory/regulatory authority or an order of similar effect;
  - (g) all necessary approval(s) as laid down in terms of our internal rules and regulations has been obtained prior to making this request for participation on F-TRAC;
  - (h) we have read and understood the F-TRAC operating p guidelines relating to operations on F-TRAC. We shall abide by all rules, regulations, principles, terms and conditions as amended from time to time that FIMMDA may stipulate in respect to reporting of trades on F-TRAC ;
  - (i) we shall incorporate our participant number and concerned user ID allotted to us at the time of grant of access to F-TRAC in all our communications to FIMMDA;
  - (j) FIMMDA and/or any of its officials shall not in any way be liable for any loss or damage or consequences that may arise on account of unauthorized and/or wrongful use of F-TRAC and/or our participant number and/or user ID;
  - (k) we or any of our officials shall not have any right, title or interest with respect to F-TRAC, its facilities, software and/or information provided by FIMMDA;
  - (l) we are aware that we can report deals on F-TRAC only on our own behalf and that we shall be liable for all such reported deals made by us on F-TRAC as also all trades executed by us on;
  - (m) we have clear and comprehensive access control policies, systems and procedures in place in our organization and that these have been fully implemented and that the same is being continuously monitored for its strict compliance;
  - (n) we shall not permit any of our officials or any other person(s)/entity/ies to –
    - I. use F-TRAC provided by FIMMDA for any purpose other than approved and specified by Reserve Bank of India, Securities and Exchange Board of India and /or any other regulators as the case may be;
    - II. use F-TRAC software provided by FIMMDA on any equipment other than the workstation/s approved by FIMMDA;
    - III. copy, alter, modify or make available to any other entity/person the F-TRAC software provided by FIMMDA;
    - IV. use the F-TRAC software in any manner other than as specified by FIMMDA;
    - V. install or operate a workstation from an unauthorised location;
  - (o) the intellectual property rights of such software shall be with FIMMDA and any unauthorized use of the same shall render it to be treated as act of infringement and dealt with accordingly.

- 7) We undertake to execute, sign and subscribe to all such deeds, undertakings, indemnities and/or bonds and provide FIMMDA with all information/documents as may be called for and be required by FIMMDA from time to time.
  
- 8) We further undertake that the Straight Through Processing (STP) arrangements is provided at member's request. We are aware that FIMMDA and/or its agents liability lies solely in providing the data to the concerned clearing houses and all further action initiated by the clearing house would be covered through a separate legal arrangements/agreement between itself and the clearing house.
  
- 9) We hereby declare that the information given above is true, correct and complete to the best of our knowledge and information. If any of the above statements is found to be false, incorrect, misrepresented or if there is breach of any undertaking or condition stipulated, FIMMDA may take such action as it may deem fit, including termination of our F-TRAC participant membership.
  
- 10) We also hereby undertake to inform FIMMDA about any change in the above mentioned facts immediately of the same taking place/coming to our knowledge, whichever is earlier.

Place :

Date :

\_\_\_\_\_

[Head of Treasury]

Name

Designation