



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/SYSTEM/2020/66

January 31, 2020

INTER DEPOSITORY TRANSFERS FOR GOVERNMENT SECURITIES

DPs are requested to refer CDSL communique nos. CDSL/OPS/DP/POLCY/6133 dated September 12, 2016, CDSL/OPS/DP/SYSTEM/2018/479 dated September 10, 2018 and CDSL/OPS/DP/SYSTEM/2018/592 dated November 06, 2018 wherein CDSL had informed DPs about the RBI approval and status of system enhancement to enable Inter Depository Transfer of Government Securities (G-Sec).

CDSL is pleased to inform its DPs that system enhancement for enabling Inter Depository Transfer of G-Sec has been successfully completed and is ready for live release. **This facility is scheduled for live release on January 31, 2020.** Initially Inter Depository Transfers (IDT) for G-Sec would be allowed only for market related transfers (On-Market Transfers). DPs can enter IDT for G-Sec effective from **February 1, 2020** with execution date as **February 3, 2020** or thereafter.

DPs are requested to take note of following key points to provide facility of IDT of G-Sec to their clients and initiate suitable changes in their back-office, if any.

1. The mechanism developed for Inter Depository Transfer (IDT) of Government Securities will be applicable for Central Government Securities, State Development Loans, Treasury Bills and Sovereign Gold Bonds issued by RBI on behalf of Central and State Governments.
2. Currently, the holdings in above mentioned Government Securities which are held in dematerialised form are also maintained in the Constituent Subsidiary General Ledger (CSGL) form with RBI by respective depositories in a consolidated manner.
3. Transfers of Government Securities between the demat accounts maintained with different depositories requires transfers of equivalent amount of Government Securities between CSGL accounts of depositories.
4. RBI has vide its circular no. IDMD.CDD.No.1241/11.02.001/2018-19 dated November 16, 2018 allowed value free transfer of Government Securities between CSGL accounts of depositories for the permitted reasons wherein transfers are arising out from bonafide nature.
5. Further, in order to facilitate seamless settlement of Government Securities through RFQ platform, SEBI has also advised depositories to initiate IDT in respect of Government Securities for settlement of trades done on RFQ platform.
6. Accordingly, following mechanism has been developed for IDT in respect of Government Securities;



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- a) The IDT in Government Securities will be permitted only for Market Transfers.
- b) **As informed by Clearing Corporations (CCs), the current Market type and Settlement details in respect of Corporate Bond settlement shall be applicable for IDT of Government Securities. The IDT in Government Securities except Sovereign Gold Bonds (SGB) will be permitted only for aforesaid market type and settlement details.**
- c) In case of SGB, IDT will be permitted for any market type and settlement details.
- d) IDT for Central Government Securities, State Development Loans and Treasury Bills will be permitted for the minimum quantity of 100 units or multiple thereof. However, this restriction will not be applicable for Sovereign Gold Bonds. IDT in Sovereign Gold Bonds will be permitted for minimum quantity of one unit.
- e) One Time Self Declaration (**OTSD**) from the client legitimating genuineness of such transfers and confirmation from the Participants ensuring the board approval risk management processes and audit oversight applied would be the prerequisites before IDT of G-Sec is executed.
 - ✓ Inter depository debit transactions of G-Sec would be allowed for only those clients whose OTSD stating that the transactions executed in his / her demat account are bonafide transactions is obtained by the DP through electronic / physical mode and recorded in CDSL system. DPs may refer communique no. CDSL/OPS/DP/SYSTEM/2018/592 dated November 6, 2018 for registration process of OTSD.
 - ✓ DPs should ensure that Board approved risk management processes and audit oversight are applied **before** IDT in G-Sec are accepted at their level. DPs are required to update One Time Undertaking (OTU) in CDSL System so that IDT of G-Sec can be considered for execution.

DPs can capture electronic declaration declaring 'We hereby declare that Board approved risk management processes and audit oversight will be applied **before** IDT instructions for G-Sec are executed in CDSL System'. Provision to capture the electronic declaration will be available on Page 8 under module Master Files --> Depository Participant-->DP Details-->Modify --> Modify Setup by Maker. Checker User should be the ADMIN User.
- f) As per the discussion between Depositories and Clearing Corporations, the IDT of G-Sec instructions will be processed in the **three** batches during the day as per the below mentioned timelines:



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Transaction Days	Batch	Deadline time for Participants to verify & release G-Sec IDT delivery/receipt instructions through CDAS	Deadline time for Participants to verify & release G-Sec IDT delivery/receipt instructions EASIEST	Depository deadline time for processing of IDT delivery/receipt instructions received from Participants
On weekdays (i.e. Monday to Friday)	I Batch	12:00 Noon	11:55 A.M.	12:15 P.M.
	II Batch	03.00 P.M.	02.55 P.M.	03.15 P.M.
	III Batch / Final Batch	05.00 P.M.	04.55 P.M.	05.15 P.M.
On 1st, 3rd and 5th Saturdays	Final Batch	01.30 P.M.	01.25 P.M.	01.45 P.M.

- g) IDT of G-Sec will not be processed on 2nd and 4th Saturday, Sunday, RBI declared bank holidays and system holidays.
- h) No IDT for G-sec will be allowed after the aforesaid deadline for same day execution date.
- i) After completion of each batch, the reconciliation will be executed by both the depositories and transfers will be executed by depositories in E-Kuber system of RBI for equivalent transfer of Government Securities between CSDL accounts of depositories.
- j) After completion of transfers between CSDL accounts by depositories on E-Kuber system of RBI, the IDT instructions for the particular batch on depository systems will be executed in respect of demat accounts by the depositories.
- k) In the existing process of IDT, effect of debit and credit of securities other than G-Sec ISINs happens online. In case of IDT of G-Sec although there will not be change in the basic functionality of IDT, debit and credit of G-Sec in demat accounts will happen after depository cut-off of the respective batch after giving effect of corresponding debit & credit G-Sec balances in the respective CSDL accounts of the depositories.
- l) Once the IDT of G-Sec is setup for the current business date and corresponding BO-ISIN-Quantity in the respective demat account is available then BO-ISIN-Quantity will be earmarked and the transaction will be sent to other depository. Other depository informs its response mentioning either acceptance or rejection of the IDT. Accordingly, if IDT is sent to other depository till the cut-off of the respective batch and if the response of acceptance from the other depository is received till the respective depository cut-off for that batch, IDT will be processed in that batch else IDT will be carried forward to the next batch on the same business date.
- m) Overdue IDTs will be processed in the batch after BO-ISIN-Quantity becomes available in the respective demat account and is sent to other depository till the cut-off of the respective batch and response of acceptance is received from the other depository till the depository cut off for that batch.



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- n) Overdue IDT of G-Sec, IDTs where receipt instruction was expected to be entered and Not-Verified IDTs (i.e. IDTs that are setup online by the DP but not verified) will be closed and will remain under 'Closed and Unprocessed' status after the cut-off of the last batch of the business day.
- o) If the other depository informs rejection in its response for a particular IDT of G-Sec, such IDT will be processed immediately by reverse earmarking the BO-ISIN-Quantity in the respective demat account irrespective of the depository cut-off.
- p) IDT setup for G-Sec with execution date as current business will be allowed before 05:00 pm. on weekdays and before 01:30 pm on working Saturdays. Future dated IDT setup for G-Sec will be allowed till EOD of the business date.

DPs are once again requested to take note of above-mentioned key points and initiate suitable changes in their back-office, if any.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

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Ashish Bhatt
Vice President – Operations