

# Indian Government Bonds Secondary Market Trades Settlement

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Investor &  
Treasury Services

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## 1. Conditions for Clients to Invest in Government Bonds

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- RBC I&TS clients with FPI (Foreign Portfolio Investor) status are permitted to invest in government bonds, subject to the aggregate government debt limit available to FPI investment at the time. FPIs have to respect different investment restrictions linked to maturity etc.
- Clients must use only Standard Chartered Bank India Branch Treasury (SCB TRY) as counterparty for trading in order to eliminate margin payment requirement, thus reducing the operational complexity. Onboarding must be completed between client and SCB TRY before trading. SCB TRY contacts:
  1. Ashish Malik, Director Financial Institutional Sales, SCB ( ashish.malik@sc.com) +91 22 61159688
  2. Suraj Gandhi, Associate Director, Financial Institutional Sales, SCB (Suraj.gandhi@sc.com) +91 22 61159692
- FPI needs to be mandatorily registered on CCIL's CORE system prior to trading. This can be arranged via our subcustodian, SCB. However, prior to the set up on CCIL Core system client will have to provide the following executed documents: a) CSGL agreement with SCB; b) Board Resolution or equivalent document authorizing the designated signatories to execute the agreement; and c) Authorized Signatory List.
- Clients who have FPI account already opened for equities investment can use the same account for trading and settling government bonds provided the client has completed the above documentation.
- Trade has to be confirmed on NDS-OM by 5pm IST on TD by the counterparty and the custodian. If the market level debt limit is getting breached, NDS OM will reject the trade reporting and both parties will have to cancel the OTC trade.
- The settlement cycle that RBC I&TS supports for government bonds secondary market is T+2 for both purchase and sell.
- Client has to appoint local Tax Consultant (TC) for capital gain tax calculation. SCB will report the trade details to TC on trade day. TC in turn will advise SCB the tax amount on T+2 for withholding before crediting net proceeds to client's FPI account.

## 2. Instruction Requirements

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### **Mandatory information to be provided in the SWIFT Instructions (MT541/MT543) in 70E field for Government bond transaction:**

- **Name or BIC code of the Broker:** can also be populated in fields 95Q or 95P:: DEAG//REAG

- **Deal time in IST:** Time when trade was done with counterparty, key criteria on NDS matching system (Counterparty has to put the same deal time to match the trade). This is a mandatory information for settlement of the trade.

- **Brokerage amount :** xxx (in case of Broker deal). This is a mandatory information for settlement. Brokerage amount is required to be reported on NDS OM in case of secondary market Broker deal. Net settlement amount for Government security transactions is exclusive of Brokerage amount.

**Note: For instructions sent to RBCI&TS via other channels than SWIFT, e.g. FAX, ISO etc., the above mandatory information should still be provided.**