

ANNEXURE 1

Operating Guidelines for use of the NSE Sovereign Gold Bond Issuance Platform

These operating guidelines (the “Operating Guidelines”) shall be applicable to all Participants who use the Sovereign Gold Bond Issuance Platform (“the Platform”) of National Stock Exchange of India Limited (“NSEIL”) for issuances of Sovereign Gold Bonds (“SGBs”). Participant will bid for SGBs using network and order collection mechanism provided by National Stock Exchange of India Ltd. (NSEIL). Funds collection for SGB bids shall be carried out by NSEIL through the agency of National Securities Clearing Corporation Ltd. (NSCCL), a 100% subsidiary of NSEIL by adopting NSCCL’s funds settlement mechanism in capital market segment.

1 Eligibility criteria for Participants

- a. All Trading Members of Capital Market Segment of NSEIL and such other entities as may be notified by NSEIL from time to time (“Participants”) shall be eligible to participate in the Platform for issuances of SGBs (“SGB Issuance(s”).
- b. Eligible Participants shall at all times comply with the terms and conditions governing the use of the Platform as may be specified by NSEIL from time to time, in addition to such other requirements as may be notified from time to time by any regulatory / statutory authority, including but not limited to the Government of India (“GOI”), the Reserve Bank of India (“RBI”), and the Securities and Exchange Board of India (“SEBI”) (together hereinafter referred to as “the applicable legal framework”).

2 Market/Bidding hours

The bidding hours for any SGB Issuance shall be from 10am to 5pm during the period the said SGB Issuance remains open, or as may be specified/extended by NSEIL in relation to SGBs issuance.

3 SGB Subscription requirements

- a. SGBs shall be issued in denominations of one gram of gold and in multiples thereof, or as may be otherwise specified by the GOI/RBI from time to time.
- b. Minimum & Maximum quantity of subscription by Clients:
 - i. The minimum investment in SGBs shall be 1 (one) gram with a maximum buying limit of 4 KG for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities

per fiscal (April-March) notified by the Government from time to time. A self-declaration to this effect will be obtained. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the Secondary Market.

- ii. In case of joint holdings, the limit shall apply to the first applicant.
- c. The details and terms of any SGB Issuance shall be as specified by the GOI/RBI/NSEIL from time to time.
- d. No Interest shall be payable from the date of payment till the date of allotment for SGB subscription amount.

4 Bid Entry, Modification & Cancellation

- a. A fully automated online bid collection system called Gold Bond under E-IPO shall be provided. Participants can enter the bids from bid entry panel and/or from bulk upload facility and can opt for online mode option (applying online & payment in digital mode) and other mode (offline/physical). Applications/bids under online mode .i.e. applying online & payment in digital mode shall be eligible for discount as may be specified by the GOI/RBI from time to time. Participants are requested to ensure that the correct mode of application are entered/selected at the time of bid/order entry.
- b. At the time of bid entry the participants can opt for holding gold bonds in Depository mode and Physical mode. In case of Depository Mode, RBI will credit the Gold Bonds to the Client's demat account. In case of Physical Mode, RBI will issue a physical Gold Bond Certificate to the clients.
- c. Cancellation of bid shall be allowed till last date of the issue period.
- d. Bid modification will not be allowed during issue period.
- e. Important Points for Clients participating through Demat Mode:-
 - i. From the Demat details provided by the Participants, Exchange will extract relevant information of clients from depositories, for uploading this information to RBI.
 - ii. For all future procedures, information available with demat account will be use.
 - iii. If the bids are rejected on issue close date due to depository validation, for such bids only a limited bid modification facility shall be provided on the bidding platform post closure of issue for a period of 30 minutes or as may be specified by NSE.

5 Fund Collection and Allotment Mechanism

- a. NSCCL shall carry out funds and allotment related activities of SGBs issuance.
- b. Detailed procedure is as provided in Point 6 (Detailed procedure for bidding, fund collection, and allotment).

6 Detailed Procedure for bidding, fund collection, and allotment

A. Bid Entry – Depository Mode of Holding

During the Bid Period (T Day)

- a. Client will provide subscription request to the Participant along with funds.
- b. Participant has required to preserve the subscription request till the bonds are matured and are repaid.
- c. Participant shall ensure of KYC of the Client and also record/document the prior consent of its Clients
- d. After completing the verification, Participant shall enter the bid on the E-IPO (www.nseindiaipo.com) in Gold Bond -DEMAT tab.
- e. Bulk upload facility for bids shall be available.
- f. Participants are requested to ensure that the correct mode of application are entered/selected at the time of bid/order entry
- g. Once the bid is submitted, system will generate a unique application number and order number.
- h. Participants shall provide transaction confirmation to the Client.
- i. Exchange will validate these bids on T day EOD with the respective depository and any discrepancy observed in Demat details (DP & Beneficiary ID) and/or PAN will result into rejection of the bid. NSEIL shall forward details of such rejections to the Participants.
- j. If the bid is rejected on the last day of bidding period on account of depository validations, the Participants may have a limited bid modification facility on the bidding platform on the issue closure day post closure. The Participant shall be allowed to modify only demat details / PAN.
- k. Exchange will capture relevant information (name, bank details, address, nominee etc.) from the depositories. This information is required while reporting the bid to

RBI for confirmation. . This information will be used for further processing. The Participant and Client have to ensure that the accurate information is updated in demat account.

- l. For bids where information is not available with depositories, Exchange will provide the report to participants for updating the information for such bids.
- m. Participants need to update the relevant information within time specified by Exchange from time to time.
- n. NSCCL will provide consolidated funds pay-in report to Participant for the physical mode bids and depository mode bids validated by depositories.

Next Day of Bidding day (T+1)

- o. The participant may want to withdraw a bid submitted on T-day, before the funds are collected by NSCCL, for the reasons like client failed to provide funds etc. Therefore, NSCCL shall provide a facility to the Participant to submit Bid Withdrawal Request. The Participant is required to submit Bid Withdrawal Request on or before the cut off time as specified in item 7 (“Cut off time for Bids Withdrawal Request by Participant”).
- p. NSCCL, after the cut off time as specified above, shall arrive at the funds pay-in amount of the Participant considering Participant’s Bid Withdrawal Request(s).
- q. The Participant shall provide for requisite funds in its designated primary clearing bank account in the capital market segment (“clearing bank account”) on or before the cut off time as specified in item 7 (“Cut off time to provide clear funds for funds collection”).
- r. If the Participant fails to pay funds pay-in amount (either in partial or in full) it shall result into rejection of all valid T-Day bids for such Participant. Partial amount recovered, if any, shall be refunded immediately to the Participant’s clearing bank account.
- s. Valid bids backed by funds and with complete investor information shall be sent to RBI for approval.
- t. If RBI rejects the bid, NSCCL shall refund the bid amount to the Participant’s clearing bank account.

- u. RBI Approved bids shall be considered for allotment on the allotment day. If the Participant cancels RBI Approved bid, NSCCL shall refund the bid amount to the Participant's clearing bank account.
- v. Exchange will update bid status on bidding platform.

Issue Closure Activities

- w. On the issue closure day (T day) Exchange shall place the bids for modification as per the mismatch report from the respective depositories. The Participants can modify the demat details / PAN of such bids post closure of issue on the Issue Closure Day by time specified by NSE from time to time.
- x. NSE shall revalidate such modified bids with the respective depositories. The valid bids shall be sent for further processing to NSCCL. Invalid bids will be rejected.
- y. NSCCL will provide consolidated funds pay-in report to Participant on issue closure day for the physical mode bids and depository mode bids validated by depositories.

B. Bid Entry– Physical Mode of Holding

During the Bid Period

- a. Client will provide subscription request to the Participant along with funds.
- b. Participant shall ensure of KYC of the client and also record/document the prior consent of its Clients. The Client has to also submit necessary supporting documents, if any, along with the application form.
- c. After completing the verification, Participant will enter the client details in **Client Master – Physical** along with client code. All applications under physical mode of holding shall be treated as off-line mode of application.
- d. Participant shall enter the bid on the E-IPO front-end Gold Bond in Physical tab along with client code.
- e. Participant is required to preserve the application form till the bonds are matured and are repaid.
- f. Once the bid is submitted, system will generate a unique application number and order number.

- g. Participants should provide transaction confirmation to the Client.
- h. Cancellation of bids shall be allowed only during issue period. Modification of bids is not allowed.
- i. NSCCL will provide consolidated funds pay-in report to Participant for the physical mode bids and depository mode bids validated by depositories.

Next Day of Bidding day and bidding closure day

- j. The activities will remain similar to the depository mode.

C. Information available to Participants :

- a. NSEIL shall update depository validation status of the bids entered on T day. This information shall be available on the E-IPO system.
- b. NSEIL update bid status based on information received from Depositories, NSCCL and RBI on E-IPO System.
- c. NSCCL shall provide the Participants with following reports:
 - i. Funds pay-in report all the valid transactions entered on T day.
 - ii. Bid processing details:
 - a) Bid Withdrawn by the Participant before funds collection
 - b) Bid Rejected by NSCCL for funds shortages
 - c) Bid Rejected by RBI
 - d) Bid valid for SGB allotment as on date
 - e) Bid pending for investor information
 - iii. Allotment details
 - iv. Refund and interest details

D. Allotment

- a. SGBs will be allotted by RBI.
- b. NSCCL shall receive allotment details against each bid from RBI on allotment day.
- c. NSCCL shall refund amount equivalent to unallocated quantity, if any, to the Participant's clearing bank account.
- d. Participants are requested to note that No Interest shall be payable from the date of payment till the date of allotment.

7 Activity Time line

A typical time cycle for transaction activities shall be as under:

Activity	Tentative Timelines
During Issue Period (T day)	
T day	
Bid Entry for Gold Bond Issuance	10:00 am - 5:00 pm
Mismatch Report after validation bids with Depository	5:30 pm
Funds pay-in Report	6:00 pm
T+1 day	
Cut off time for Bids Withdrawal Request by Participant (CIM)	09:30 am
Cut off time to provide clear funds for funds collection	10:30 am
Issue Closure (T Day)	
Bid Entry for Gold Bond Issuance	10:00 am - 5:00 pm
Mismatch Report after validation bids with Depository	5:30 pm
Modification of Bid details upto	6:15 pm
Fund pay-in Report	6:45 pm
T+1 Day	
Cut off time for Bids Withdrawal Request by Participant (CIM)	09:30 am
Cut off time to provide clear funds for funds collection	10:30 am
Cut-off time for updating clients information	1:00 pm

8 Investor Grievance

In case of any dispute between the Participant and the Client arising out of their participation in any SGB Issuance on the Platform, NSEIL shall provide necessary and suitable administrative support for the speedy redressal of the dispute through such mechanism as may be notified by NSEIL from time to time.

9 Commission

NSEIL will pay such commission for distribution to Participant on the allotment amount as specified by NSEIL from time to time, subject to conditions prescribed by the RBI / GOI.