

Annexure 2 - Mechanism and Parameters

1. Eligibility Criteria:

The Tri-party Repo Market (TRM) platform shall be available only to the members of Debt Segment and those eligible to participate in corporate debt repo as given in Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 Amendment dated November 28, 2019, or such other directions issued by the Reserve Bank of India (RBI) from time to time.

Members of Debt Segment desirous of registering on the TRM platform may approach National Stock Exchange of India Limited (NSE) and shall enter into an agreement with NSE.

All registered trading member on the TRM platform may enter repo transaction for its own proprietary account and/or for its client provided they are eligible to participate in repo transaction as per RBI Directions. Eligible entities (as prescribed by RBI) which are not permitted to take membership on stock exchanges and those eligible entities which do not want to take membership on stock exchanges may participate in repo transactions as clients of trading members. Please refer to ARCL Master circular for more details: <https://www.arclindia.com/circulars>

2. Enablement process for Debt Segment and TRM Platform:

SEBI Registered Stockbrokers applying for first time enablement in Debt segment at NSE as well as Eligible Trading Members of Debt segment now desirous of enablement on the ARCL Tri Party Product offered under NSE TRM Platform are required to complete membership procedure and submit documentation as per formats available on the website on the following path: <https://www.nseindia.com/trade/membership-enablement> → Download New Debt Segment (.doc)

No additional documentation is required to be submitted by Eligible Trading Members to the Exchange who were enabled on the TRM Platform with NSE Tri Party Repo Product and are now desirous of enablement on ARCL Tri Party Repo Product. However, all members desirous of enablement on ARCL Tri Party Repo

Product are required to complete necessary documentation with ARCL as required from time to time.

In view of the same, all existing members may kindly ensure completion of required formalities with ARCL prior to the launch date, to continue to be enabled on the TRM platform, failing which, the Exchange shall restrict participation on TRM platform until completion of necessary requirements.

Further, new members are required to complete aforesaid mentioned enablement formalities at Exchange and ARCL for getting themselves enabled on the TRM platform.

3. Access to TRM platform:

The TRM Platform shall consist of two types of users – ADMIN and ‘USER/DEALER’. The Exchange shall provide ADMIN ID to Eligible Trading Member on request basis. Thereafter the ADMIN user shall create the USER/DEALER/Client log in for transactions on the platform. The detailed user manual of the platform shall be made available in the log-in screen.

4. Order Matching:

The Exchange would specify, from time to time, the order matching rules and other parameters. In case of basket repo, orders would be matched on the basis of repo rate - time priority.

The best borrow order would match with the best lend order. The best borrow order in the basket repo would be the one which seeks to borrow at the highest repo rate. The best lend order in the basket repo would be the one which seeks to lend at the lowest repo rate.

The best repo rate for a lend order would be the borrow repo rate equal to or more than the lend repo rate. The best repo rate for a borrow order would be the lend repo rate equal to or lesser than the borrow repo rate.

For Pro/Client order: If an active Pro/Client order is likely to match with a passive Pro/Client order belonging to the same member-proprietary/Client combination in the same order book, then active or passive order (full or partial as the case may be) as per the option set in order entry shall be cancelled by the exchange with rejection message

“Self trade – Order cancelled.”

5. Trade Annulment

The provisions of Trade Annulment applicable for order matching platform of

Debt Segment as specified in NSE Cir No-NSE/DS/30742 dated September 11, 2015.

6. Reports: Trade Confirmation Slip

Members can generate & download the current day trade confirmation slip from the USER/Dealer and ADMIN log in. The report generated from USER/Dealer level log in shall contain orders and trades of the respective user whereas the report downloaded from the ADMIN level login shall contain all the orders and trades of member. The format of trade confirmation slip is provided in Annexure-2

7. Other key information:

Please note other key information related to product specifications, trading hours etc. as specified below, have been reproduced as per the information received from ARCL. For more details, please refer ARCL Master Circular at: <https://www.arclindia.com/circulars>

a. Tri-party repo transactions:

Under the tri-party repo mechanism entities would place borrow and lend orders on the platform provided by the Exchange. Before placing an order, entities desirous of borrowing would provide eligible collateral and entities desirous of lending would provide margins. Both borrowing and lending orders would be validated against the collateral limits and margins available in the respective borrowers and lenders account.

b. Repo Type:

The type of repo would be Basket Repo. The Basket Repos would facilitate borrowing and lending of funds against various baskets of securities. The baskets and the securities eligible to be included in respective baskets would be notified from time to time by ARCL.

c. Basket type:

The baskets would comprise of either one or more securities that have been grouped together based on criteria like tenor, rating, category of issuers of debt securities, or any other attribute decided by the relevant authority. The number of securities in each basket and number of baskets to be made available would be decided by the relevant authority from time to time.

d. Repo Parameters

In pursuance to the Regulations, following parameters and order attributes are specified for the Tri-Party Repo Market Platform:

Parameter	Description
Repo Descriptor	Repo Type : BS (Basket repo) Security Name Issue Name
Market Type	R (Normal)
Repo Maturity	Forward Leg Settlement Date
Unit of trading	Value in INR Crs
Lot Size	Minimum INR 5 lacs and in multiples thereof
Quotation	Repo Rate (% p.a.)
Tick Size	Rate in tick of 0.01% (i.e. 1 basis point)
Repo Tenor	1 day to 7 days (Calendar days)
First Leg Settlement Type	T+0/T+1
Order Type	Normal - Borrow / Lend, Market/Limit Rollover - Borrow, Market/Limit
Pro/Cli	Proprietary / Client
Base Repo Rate	RBI Repo rate
Repo Operating & Day Rate Band	+/- 300 basis points of Base Rate
Value Freeze	Rs. 50 Crores

e. Auction Market Parameters

Parameter	Description
Basket Descriptor	Basket Type: BS (Basket repo) Security Name Issue Name
Market Type	A
Repo Maturity	Forward Leg Settlement Date
Unit of trading	Value in INR Crs
Lot Size	Minimum INR 5 lacs and in multiples thereof
Quotation	Repo Rate (% p.a.)
Tick Size	Rate in tick of 0.01% (i.e. 1 basis point)
Settlement Type	T+0
Order Type	Lend Limit Order
Pro/Cli	Proprietary/Client

Base Repo Rate	Highest Traded Price of T0 on the auction day
Repo Rate Band	+/- 300 basis points of Base Repo Rate for Auction
Value Freeze	Rs. 50 Crores

f. Trading Hours:

Trading shall take place on all days of the week except Saturdays and Sundays and holidays declared by the Exchange in Debt Segment. The Exchange may however, close the market on days other than the schedule holidays or may open the market on days originally declared as holidays. The trading hours shall be as under:

Settlement Type/Market	Trading Hours
T+0 Settlement	09:00 am to 01:00 pm
T+1 Settlement	09:00 am to 05:00 pm
Repo Auction Market	03:00 pm to 03:30 pm