

Operating Guidelines for Non-Competitive Bidding Facility on e-Gsec Platform

- A. These operating guidelines (the “Operating Guidelines”) shall be applicable to all Participants of the e-Gsec platform (“the Platform”) for participating in the non-competitive bidding of Government of India Dated Securities (G-Secs), Treasury Bills (T-Bills) & State Development Loans (SDLs) and any other securities specified from time to time.(collectively formed as securities). Participant will place bids for securities using the network and order collection mechanism provided by National Stock Exchange of India Ltd (NSEIL). Collection of funds and transfer of securities so allocated in the non-competitive bidding shall be carried out by NSEIL through the agency of NSE Clearing Ltd. (NCL) , a 100% subsidiary of NSEIL.

1 Eligibility criteria for Participants on e-Gsec Platform:

- a.Trading Members of Capital Market Segment of NSEIL and such other entities as may be notified by NSEIL from time to time (hereinafter referred to as the “Participants”) shall be eligible to participate on the Platform.
- 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 Criteria for Non-Competitive Bidding:

- a. Exchange shall facilitate non-competitive bidding in accordance with the scheme for non-competitive bidding facility notified by Reserve Bank of India (RBI) from time to time.
- b. Participation on a non-competitive basis in the auctions will be open to a retail investor as notified by GOI/RBI/Exchange from time to time.
- c. The amount for bid will be in terms of face value of securities.
- d. The minimum and maximum bid amount in terms of face value for securities shall be as specified by GOI/RBI/NSEIL from time to time.
- e. Only a single bid is allowed per investor (based on PAN) for a particular security in an auction. In case of joint holding, the first holder’s PAN will be considered.
- f. Participants shall take necessary undertaking from investor about single bid per security per auction. The format of investor declaration cum undertaking is given in **Annexure 5**.

- g. The details and terms of non-competitive bidding of G-Secs, T-Bills & SDL's shall be as specified by the GOI/RBI/NSEIL from time to time.
- h. Allotment of securities will be as per the scheme for non-competitive bidding facility notified by GOI/RBI/NSEIL from time to time. Allotment under the non-competitive segment will be at the weighted average rate of yield/price that will emerge in the auction on the basis of the competitive bidding.

3 Bid Collection Platform – e-Gsec:

- a. Exchange shall provide an online bid collection facility called e-Gsec platform. It shall be available under the existing web based E-IPO platform (www.nseindiaipo.com).
- b. Participants shall enter bids for the eligible retail investors on the e-Gsec platform.

4 Bid Collection Period:

- a. Exchange shall announce the start date and end date of the bid collection period in relation to each auction conducted by RBI.
- b. The e-Gsec platform shall be available from 10:00 am to 5:00 pm during the bid collection period (except on specified holidays) or as specified/extended by NSEIL from time to time.

5 Bid Entry, Modification & Cancellation:

- a. Participants can enter bids on the e-Gsec platform from bid entry panel and/or from bulk upload facility. The file format for bulk upload facility is given in **Annexure 7**.
- b. Modification of bids is not permitted. Participants may cancel the bid and enter fresh bid.
- c. Cancellation of bid shall be allowed till last day of bid collection period. Partial cancellation is not permitted.

6 Funds Collection and Transfer of Securities:

- a. Funds collection and transfer of securities allocated in the non-competitive auction shall be through NCL.
- b. The funds shall be collected by debiting the designated primary clearing bank account of the Participants in the capital market segment.
- c. The securities will be transferred directly in the demat account of the investors.
- d. The detailed procedure for fund collection and transfer of securities is given in point 7

7 Detailed Procedure for bid collection, funds collection and transfer of securities:

A. During the Bidding Period

- a. Investor will provide request to the Participant for placing bid through the non-competitive bidding facility of the Exchange.
- b. Participant shall ensure completion of KYC and also record/document the prior consent of the investor before placing the bid on the e-Gsec platform.
- c. Participants shall take necessary undertaking from investor about single bid per security per auction. The format of investor declaration cum undertaking is given in **Annexure 5**.
- d. Participants can enter the bids on the e-Gsec platform from bid entry panel and/or from bulk upload facility. The file format for bulk upload facility is given in **Annexure 7**.
- e. Once the bid is submitted, system will generate a unique application number, order number and total amount to be payable.
- f. Validation will be done for single bid per PAN for a particular security in one auction on the e-Gsec platform.
- g. The total amount payable shall be calculated based on amount of bid, price of security, mark-up, and accrued interest if any.
- h. Participants shall provide confirmation of transaction to the investors.
- i. Exchange will validate these bids with the respective depository at end of the day (EOD).
- j. Any discrepancy observed in Demat details (DP & Beneficiary ID), PAN, Category will result into rejection of the bid. Category validation will be based on category details received from depositories.
- k. Participants shall be informed about such rejections.
- l. If the bids are rejected on the last day of bid collection period due to depository validation, for such bids only a limited bid modification facility shall be provided. The Participant shall be allowed to modify only demat details / PAN.
- m. NCL will provide funds pay-in report to the Participants on the last day of bid collection period. The file format is provided in **Annexure 7**.

B. On Auction Date

- n. The participant may want to withdraw a bid submitted on during the bid collection period, before the funds are collected by NCL, for the reasons like investor failed to provide funds etc. Therefore, Participants shall have a facility to submit bid withdrawal request. The Participant shall be required to submit bid withdrawal request on or before the cut off time as specified in point 8.
- o. NCL, 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.
- p. 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 8.
- q. If the Participant fails to pay funds pay-in amount (either in partial or in full) it shall result into rejection of all valid bids for such Participant. Partial amount recovered, if any, shall be refunded immediately to the Participant's clearing bank account.
- r. RBI will provide allotment details along with price information to NCL. Based on which NCL will collect/refund the additional amount collected to/from the Participant, if any either on same day or on next business day.
- s. In case the aggregate amount of bid is more than the allotment amount, allotment shall be done on pro-rata basis.

C. Securities Pay-out Date:

- t. The securities will be transferred directly in the demat account of the investors.
- u. In case the bids are rejected by depositories for invalid client account, NCL shall request the depository to transfer such securities into pool account of the respective Participant (Trading Member). The participant shall then transfer the securities in the investor's depository account and provide confirmation for such transfer to NCL.

D. Information available to Participants:

- v. NSEIL shall update depository validation status of the bids and allotment status. This information shall be available on the e-Gsec platform.
- a. NCL shall provide the Participants with following reports:
 - i. Funds pay-in report all the valid transactions entered during bidding period
 - ii. Provisional Member wise Bid Status Report
 - iii. Final Member wise Bid Status Report

8 Activity Time line

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

Activity	Tentative Timelines
Bid Collection Period	
Bid Entry*	10:00 am - 5:00 pm
Last day of Bid Collection Period	
Bid Entry	10:00 am - 5:00 pm
Modification window for DP mismatch	5:30 pm - 6:00 pm
Funds pay-in Report**	6:30 pm
Auction date	
Cut off time for Bids Withdrawal Request by Participant (Nmass)	7:30 am
Cut off time to provide clear funds for funds collection	8:00 am
Provisional Member wise Bid Status Report (Auction Date)**	6:00 pm
Settlement Day	
Final Member wise Bid Status Report**	6:00 pm

* Bidding start time & end time may be pre-poned/extended if required.

**The reports shall be downloaded to the Participant in Members Folder/Reports.

9 Investor Grievance

In case of any dispute between the Participant and the Investor arising out of their participation in any 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.

10 Brokerage/Commission

The brokerage/commission charges to investors shall as per the scheme for non-competitive bidding facility notified by RBI from time to time. The Participant can recover upto six paise per Rs.100 as brokerage/commission/service charges for rendering this service to their investors. Such costs may be built into the sale price or recovered separately from the investors.