भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

RBI/2014-15/361
FMRD.FMID.01 /14.01.02/2014-15   December 19, 2014

All RBI regulated entities

Madam/Sir,

F-TRAC – Counterparty Confirmation

A reference is invited to RBI circular IDMD.PCD. 13 /14.01.02/2013-14 dated June 25, 2014 regarding reporting of OTC trades in Commercial Papers (CPs) and Certificate of Deposits (CDs); and OTC repo trades in corporate debt securities, CPs, CDs and non-convertible debentures (NCDs) of original maturity less than one year on F-TRAC - the reporting platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL).

2. As per extant guidelines, the above-mentioned trades have to be physically confirmed by the back offices of the counterparties. In F-TRAC, both the counterparties individually report their respective sides of the trades and the trades are validated for trade details before matching by F-TRAC. This ensures implicit confirmation by both counterparties. Further, the details of the transactions are available on the F-TRAC system.

3. On a review, it has been decided to waive the requirement of exchange of physical confirmation of trades matched on F- TRAC subject to the following conditions:

(i) Participants entering into one time bilateral agreement for eliminating the exchange of confirmation;

(ii) Participants adhering to the extant laws such as stamp duty as may be applicable; and

(iii) Participants ensuring adherence to a sound risk management framework and complying with all the regulatory and legal requirements and practices, in this regard.

4. The dispensation with respect to waiver of physical confirmation will be subject to review in case of any change in ownership of the F-TRAC platform or reporting arrangements thereof.

Yours faithfully

(Dimple Bhandia)
General Manager-in-Charge