



## Access to NDS-OM and NDS-OM-Web platforms by UCBs

### Negotiated Dealing System-Order Matching (NDS-OM)

- NDS-OM, launched in August 2005 by RBI, is an anonymous screen-based order matching system for secondary market trading in Government securities.
- The participants can trade anonymously by placing their orders on the system or accepting the orders already placed by other participants. Anonymity ensures a level playing field for various categories of participants.
- NDS-OM is operated by the Clearing Corporation of India Ltd (CCIL) on behalf of the RBI. The system is developed and owned by RBI but is managed by CCIL on behalf of RBI. The advantages of NDS-OM are price transparency and better price discovery.

### Direct access to NDS-OM platform

- Direct access to the NDS-OM system is currently available only to select financial institutions like Commercial Banks, Primary Dealers, eligible UCBs and NBFCs, etc. These are called Primary Members (PMs) of NDS and are specifically permitted by RBI to become members of NDS-OM based on specified criteria.
- For UCBs, the eligibility criteria for direct access to NDS-OM is as under:
  - Current account with RBI or a funds account with one of the Designated Settlement Banks (DSBs) chosen by CCIL for funds settlement
  - Subsidiary General Ledger (SGL) Account with RBI
  - Membership of Negotiated Dealing System (NDS)
  - Indian Financial Network (INFINET) connectivity
  - Membership of CCIL
  - Minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%
  - Net Non-Performing Assets (NPA) of less than 5%
  - Minimum Net Worth of ₹25 crore
- All eligible UCBs are required to apply to Department of Supervision (UCBs), RBI, Central Office, Mumbai for regulatory clearance before applying to IDMD (Internal Debt Management Department), CO, RBI for NDS-OM membership.
- Further, eligible UCBs applying for NDS-OM membership will need to have the required infrastructure in place for direct access to NDS-OM and also bear the cost involved in setting up the same.



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### Indirect access to NDS-OM platform by UCBs

- UCBs not having direct membership can access this system through their custodians i.e., with whom they maintain Gilt Accounts.
- These custodians i.e., direct NDS-OM members (primary members) place the orders on behalf of the UCBs on NDS-OM system.
- Such trades are settled through the CSGL account and current account of the NDS-OM member maintained with the RBI.
- The Primary Member in turn does its security and funds settlement with the Gilt Account Holder (GAH) i.e., the urban co-operative bank.

### “NDS-OM-Web” Module: Web-based access to NDS-OM platform

- RBI launched NDS-OM-Web module, an internet based access to NDS-OM module on June 29, 2012 for facilitating direct participation of Gilt Account Holders (GAH) on NDS-OM through its PM who act as risk controller only but do not have any role in pricing of trade.
- GAH can access the trading platform through URL, 'https://www.ndsind.com'. PM will need to arrange for login/password from the CCIL and Digital Certificates from any Government Recognized Certifying Authority designated by RBI, on behalf of GAH.
- GAH gets access to the same order book of NDS-OM as the PM. GAH are in a better position to control their orders (place/modify/cancel/hold/release) and also get access to real time live quotes in the market.
- NDS-OM-Web is provided at no additional cost to its users. PMs, however, may recover the actual charges paid by them to CCIL for settlement of trades or any other charges like transaction cost, annual maintenance charges (AMC) etc.
- Since, October 20, 2016, RBI has made it obligatory for the PMs to offer this module to their constituent GAHs for online trading in G-Sec in the secondary market.
- Constituents not desirous of availing this facility may do so by opting out in writing.

For detailed information, the reader may refer to:

RBI Master Circular on Investment for UCBs, dated July 01, 2015; Press Releases dated June 29, 2012 on launch of NDS-OM-Web and circular FMRD.DIRD.07/2016-17 dated October 20, 2016.