

Financial Market Infrastructures regulated by RBI

The following FMIs are regulated by the RBI:

1. Real Time Gross Settlement System (RTGS): RTGS system was implemented in March 2004. RTGS system is owned and operated by the RBI. It is a Systemically Important Payment System (SIPS) where the inter-bank payments settle on a 'real' time and on gross basis in the books of the RBI. RTGS system also settles Multilateral Net Settlement Batch (MNSB) files emanating from other ancillary payment systems including the systems operated by the Clearing Corporation of India Limited. RBI is in the process of implementing the Next Generation RTGS (NG-RTGS) built on ISO20022 standards with advance liquidity management functions, future date functionality, scalability, etc.

2. Securities Settlement Systems (SSS): The Public Debt Office (PDO) of the RBI, Mumbai manages and operates the Securities Settlement Systems for the Government securities, both for outright and repo transactions conducted in the secondary market. Government securities (outright) are settled using DVP model 3 mechanism on a T+1 basis. Repos are settled on T+0 or T+1 basis. Additionally the PDO system also acts as depository for dematerialized government securities. With implementation of the Core Banking Solution (CBS) in the RBI, the securities settlement system has been migrated to the CBS platform.

3. Clearing Corporation of India Ltd (CCIL): CCIL is a Central Counterparty (CCP) which was set up in April 2001 to provide clearing and settlement for transactions in Government securities, foreign exchange and money markets in the country. CCIL acts as a central counterparty in various segments of the financial markets regulated by the RBI viz. the government securities segment, collateralised borrowing and lending obligations (CBLO) - a money market instrument, USD-INR and forex forward segments. Moreover, CCIL provides non-guaranteed settlement in the rupee denominated interest rate derivatives like Interest Rate Swaps/Forward Rate Agreement market. It also provides non-guaranteed settlement of cross currency trades to banks in India through Continuous Linked Settlement (CLS) bank by acting as a third party member of a CLS Bank settlement member.

CCIL also acts as a trade repository for OTC interest rate and forex derivative transactions.

Other critical market infrastructures which are designated as FMIs

4. Negotiated Dealing System- Order Matching (NDS-OM): NDS-OM is owned by the RBI and is operated by CCIL on behalf of the RBI. NDS-OM is an electronic, screen based, anonymous, order driven trading system for dealing in Government securities which was introduced in 2005. The NDS-OM ensures complete anonymity among the participants and brings transparency in secondary market transactions in Government securities. The NDS-OM facilitates straight-through-processing (STP) as all the trades on the system are automatically sent to the CCIL for settlement. With the efficiency and ease of its operations, the NDS-OM today accounts for around 90 per cent of the trading volume in Government securities.