

Circular No.: NSDL/CIR/II/4/2018

Date: February 06, 2018

Sub: Redemption of Commercial Papers

As Issuers/R&T Agents are aware, the Reserve Bank Commercial Paper Directions, 2017 were issued by RBI on August 10, 2017 and Operational guidelines on Commercial Paper were issued by Fixed Income Money Market and Derivatives Association of India (FIMMDA) on October 5, 2017. For redemption of commercial paper, these guidelines envisage the following changes:

- Redemption of commercial paper to be done directly from the beneficial owner accounts of Investors through corporate action instead of requiring the investors to transfer commercial paper held in their beneficial owner accounts to Issuing and Paying Agents (IPAs) Redemption account.
- Issuer to authorise IPA to make redemption payment based on the Beneficial Ownership Position (BENPOS) report from Depositories and extinguish Commercial Papers.
- IPA is required as on the previous working day before the maturity date, to request Depositories to give BENPOS report as at the end of that day.
- No transfers to be permitted on maturity date of Commercial Paper.

Accordingly, all Issuers / R&T Agents are hereby informed that in order to facilitate the issuers, IPAs and investors to comply with the said guidelines, the following changes are being made by NSDL:

- 1) As specified in the Operational guidelines on Commercial Paper issued by FIMMDA, the issuer needs to authorize the IPA to request NSDL to carry out the corporate action for extinguishment of CP from beneficial owner's accounts on redemption.
- 2) The IPA will need to submit to NSDL the following:
 - a) A copy of authorization given by the Issuer to IPA for carrying out corporate action for extinguishment of CP on redemption.
 - b) A request to NSDL for extinguishment of CP from beneficial owners' accounts (format of the request is enclosed as Annexure).
- 3) BENPOS will be auto-scheduled as of the end of the day of previous working day before the maturity date of commercial paper for redemption purpose. In case the last working day before the maturity date is a Sunday or a Depository Module (DM) holiday, the benpos download will be auto-scheduled as of the previous day.
- 4) No transfers will be permitted in commercial paper on or after its maturity date.

All Issuers/Registrars & Transfer Agents are hereby informed that NSDL depository system is being enhanced with the features specified at point no. 3 and 4 above and will be released on EOD of February 16, 2018.

For any information/clarifications, Issuers/R&T Agents are requested to contact Mr. Amit Vishal at (022) 24994360 or by email at amitv@nsdl.co.in.

For and on behalf of
National Securities Depository Limited

Nitin Ambure
Vice President

Encl.: a/a