RBI/2009-10/128 IDMD.No. 954 /08.03.001/2009-10

August 24, 2009

All NDS Members

Dear Sir / Madam,

Scheme of Non-Competitive Bidding Facility in the Auctions of State Development Loans

Please refer to our <u>press release 2009-2010/293</u> dated August 21, 2009 on the operationalisation of the Scheme of Non-Competitive Bidding Facility in the Auctions of State Development Loans.

- 2. The Reserve Bank of India, in consultation with the State Governments, has decided to introduce the Non-Competitive Bidding in the Auction of State Development Loans from August 25, 2009 onwards.
- 3. NDS members may submit a single consolidated bid electronically in respect of non-competitive bids on behalf of constituents / non-constituents. However, a complete record of the details of non-competitive bids may be maintained by them and such bids should be subjected to concurrent audit to ensure that the participants under the Scheme comply with the terms and conditions of the Non-competitive Bidding Scheme in the auction of State Government Securities. It may also be ensured that non-competitive bidders submit a single bid only, not exceeding 1 % of the notified amount. If the aggregate amount of bids is more than the reserved amount (10% of notified amount), pro rata allotment would be made. In case of partial allotments, it shall be the responsibility of the bank or the Primary Dealer concerned to appropriately allocate securities to their clients in a transparent manner.
- 4. The changes in the auction procedures shall be operational with effect from the auction to be held on August 25, 2009.

Yours faithfully

(K.V. Rajan) Chief General Manager