update Introduction of Credit Default Swaps (CDS) for Corporate Bonds: Change in effective date for operationalisation

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The Chairmen
Scheduled Commercial Banks (excluding RRBs),
Standalone Primary Dealers and Non Banking Financial Companies

Dear Sir/Madam,

Update Introduction of Credit Default Swaps (CDS) for Corporate Bonds: Change in effective date for operationalisation

A reference is invited to para 4 wherein it was indicated that the guidelines on CDS would be effective from October 24, 2011. Necessary infrastructure which includes trade repository, documentation, publication of CDS curve for valuation, standardisation of contracts, etc. required for the launch of the product is being put in place. Further, market participants have asked for certain clarifications regarding documentation, operational aspects, and the arrangement for the necessary institutional framework.

2. In view of the above, the matter has been reviewed and it has been decided to operationalise CDS guidelines issued in May 2011 by the end of November 2011. The exact date will be notified shortly.

Yours faithfully,

(Sanjay Hansda)

Director & Officer-in-Charge