

XIV. DEBT INSTRUMENTS & GOVERNMENT SECURITIES

1. What types of debt instruments are available in CDSL for dematerialization?

All types of debt instruments like Bonds, Debentures, Commercial Papers, Certificate of Deposit, etc. irrespective whether these instruments are listed/unlisted/private placed can be dematerialized if they are admitted in CDSL.

2. Who handles issue management, settlement of trades, distribution of interest and redemption proceeds to subscribers of Government Securities?

Reserve Bank Of India. (Public Debt Office of RBI)

3. Who are the subscribers to the issue of G-Sec?

The subscribers to G-SECS are mostly banks, primary dealers, non banking financial companies, financial institutions, PF trusts, money market mutual funds and corporates.

4. What are the options available to the investor for holding government securities?

The options available to the investor for holding g-sec are :

- a. In the form of physical certificates.
- b. In the form of book entry. I.e. in the form of credit to an account maintained by the investor at RBI or any other approved entity. This form is known as SGL form and the approved entity is known as SGL accountholder/ CSGL accountholder. (Subsidiary General Ledger account holder/Constituents Subsidiary General Ledger accountholder).

5. Is CDSL an SGL accountholder?

Yes, CDSL is an SGL accountholder. The BOs can therefore hold, transfer and transact in G-SEC through their demat accounts held with CDSL through their DPs.

6. Can investors holding G-SEC in their demat accounts trade in them on stock exchange?

Yes.

7. Can all types of debt instrument be held in same demat account?

Yes.

8. How can an investor convert existing physical certificates into electronic form or how can an investor holding balances with any other entity e.g. Federal Bank, Axis Bank etc. in a book entry form transfer the same to his existing CDSL demat account?

Conversion/ Transfer can be done through dematerialization process in CDSL.

9. Is partial dematerialization of a physical certificate allowed?

No, partial dematerialization of a physical certificate is not allowed .

10. Can separate ISINs/loan codes be dematerialized through a single demat request form for g-sec (DRF-GS)?

Separate DRF-GS (Demat Request Form for Government securities) to be used for different ISINs / loan codes.

11. Can G-sec whose ISIN is not activated in CDSL be dematerialized?

Yes. DP shall be required to inform CDSL the details of the ISIN vide a standard letter as per the prescribed format for activation of the concerned ISIN.

12. Should the DP deface / mutilate the physical g-sec certificates received for dematerialization?

The DP should not deface / mutilate the g-sec certificates received for dematerialization.

13. What is "Value Free Transfer" of G-sec?

The transfer of G-sec held by a BO with some other SGL/CSGL account holder to his BO account with CDSL or vice-versa is known as Value Free transfer. Such transfer does not involve any consideration.

14. Can g-sec be rematerialized?

G-sec can be rematerialized in case the BO/investor desires to convert the government securities held in electronic form into physical certificates.

15. What are the charges levied by CDSL for rematerialization?

No charges are levied by CDSL to its DPs for rematerialization of G-SECS.

16. Is transfer of G-SEC through inter depository permitted?

No. Since CDSL and NSDL are separate SGL account holders, transfer of G-sec from one depository to the other depository is considered to be an inter SGL transfer and such transfers are required to be separately reported to RBI. Hence inter depository transfers of G-SECS are not permitted.

17. Is there any other procedure to transfer G-SEC holdings between depositories?

Yes. By way of dematerialization and rematerialization the government securities can be transferred between two depositories. If a BO holds G-SEC in NSDL a/c then rematerialization of the concerned securities in NSDL has to be done and then the same has to be Dematerialized in CDSL after due reporting to RBI through the NDS. Reverse procedure has to be followed for transfer of G-SEC from a CDSL BO a/c to NSDL BO a/c.

18. What is the procedure for transfers of G-SECS between two demat accounts?

The procedure for off-market transfers in G-SECS is the same as for equities and other securities.