



GRC BULLETIN

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RBI

Master Direction - Access of SEBI-registered non-bank brokers to NDS-OM

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CORPORATE LAWS

Authority

Reserve Bank of India

Circular Date

Feb 07, 2024

Circular Number

RBI/FMRD/2024-25/127 FMRD.MIOD.No.12/11 .01.051/2024-25

Effective Date

Feb 07, 2024

RBI NOTIFIES MASTER DIRECTION - ACCESS OF SEBI-REGISTERED NON-BANK BROKERS TO NDS-OM

Applicability:

Applicable to all banks, NBFCs, primary dealers, mutual funds, insurance companies, pension funds, provident funds, and AIFIs, granting them direct access to the platform

The Reserve Bank of India (RBI) has taken a significant step toward enhancing retail participation in the government securities (G-Sec) market by allowing SEBI-registered non-bank brokers access to the Negotiated Dealing System – Order Matching (NDS-OM) platform. This move aligns with RBI's broader goal of deepening financial markets and was announced as part of its Developmental and Regulatory Policies (Feb 7, 2025).

By revising the Access Criteria for NDS-OM, RBI aims to make government securities trading more accessible and transparent, fostering greater investor participation. The new framework not only provides direct access to institutional players but also introduces the Stock Broker Connect mechanism, allowing retail investors to trade more efficiently.

Highlights:

1. Expanded Market Access:

- SEBI-registered non-bank brokers can now access the Negotiated Dealing System – Order Matching (NDS-OM) platform.
- This move facilitates easier trading for retail investors in government securities.

2. Regulatory Alignment:

- The new guidelines align with the RBI's Developmental and Regulatory Policies (Feb 7, 2025) and the Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025.
- It supersedes the 2024 guidelines issued on October 18, 2024.

3. Modes of Access to NDS-OM:

- Direct Access: Available to banks, NBFCs, mutual funds, pension funds, insurance companies, and select financial institutions.
- Indirect Access: Available via intermediaries with direct access.

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 Stock Broker Connect: SEBI-registered stock brokers can now facilitate access for retail investors with demat accounts.

4. Eligibility & Compliance Requirements:

- Entities must have an SGL account and a current account with RBI or a designated settlement bank.
- Membership with CCIL's securities settlement segment is mandatory for direct access.

5. Supervision & Enforcement:

- RBI retains the right to approve, reject, or terminate access based on compliance and market integrity considerations.
- Violations of RBI's Prevention of Market Abuse Directions, 2019, or other regulatory provisions could lead to suspension.

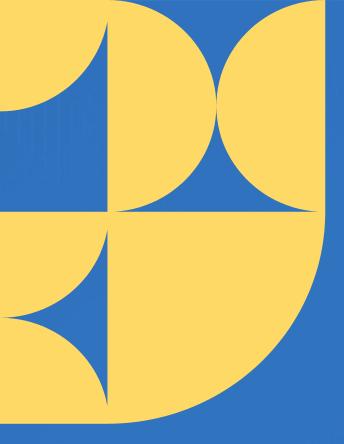
6. Impact on Financial Markets:

 Enhances liquidity and participation in the government securities market.

Strengthens market infrastructure and promotes **wider retail participation** in government bond trading.

SOURCE: Click Here for more details







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