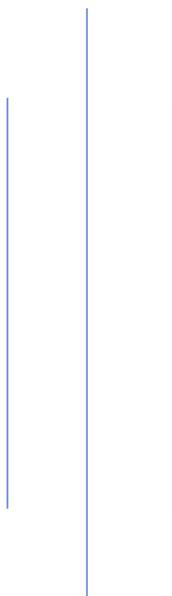


User Manual for FoP (Free of Payment) Operation

Through DOMS & Investor's Portal



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[Important Note: Under any circumstances if there is confusion, please don't perform the operation. Feel free to contact PDMO office for the given contact numbers 01-4538358, 4538359

Part 1: FoP Operation

User Manual for FoP (Free of Payment) Operation

What is FoP?

Free Of Payment (FoP) is the module to transfer securities between two parties or account without involvement of cash. This is typically a secondary market operation where the cash exchange or settlement is conducted outside the system. Specially, it is used for secondary market operation of treasury bills, development bonds, citizen saving bond, and foreign employment saving bond.

Key Points

- Involves a delivering party (Sender) and a receiving party (Receiver).
- Both parties must enter matching instruction details.
- Delivering party (Sender) must have sufficient securities in the account.

Systems for FoP and DvP Operation

- **DOMS:** For market Maker (Connected through VPN)
- **INVESTOR PORTAL:** For general public

Types of FoP operation in our system

1. **Market Maker to Market Maker (Currently for T-Bills and Development Bond)**
2. **Market Maker to Public and vice-versa (Within same Market Maker)**
3. **Market Maker to Public and Vice-versa (Between two different Market Maker)**
4. **Public to Public (Through Investor's Portal on the observation of Market Maker)**

How to Perform FoP by Market Makers (Through DOMS)

- a) Login to DOMS, and Check Balance:
 - Go to Settlement -> Account -> Statement
 - Verify sufficient securities are available on the ISIN.
- b) Create Instruction: (**Through USER 1**)
 - Navigate to Instruction originator -> Enter -> FoP
 - Fill in required fields:
 - Party Reference
 - Trade Date
 - In/Out Indicator (Deliverer or Receiver or Both)
 - Delivering Party
 - Receiving Party
 - ISIN (Security Identifier)
 - Face value (Number of Securities)
 - Delivering Account
 - Receiving Account
 - Click "Validate" then "OK"
- c) Approve Instruction: (**Through USER 2**)
 - Checker user: Go to Instruction originator -> Approve
 - Verify details and approve
- d) Confirm Transaction:
 - Check status: Settlement -> Instruction -> List
 - Status will show as "Settled" when complete
- e) Verify Account Statements:
 - Check updated balances for both parties through "Settlement -> Account -> Statement"

CASE 1

Example Scenario for Market Maker to Market Maker for transfer of securities:

This is specially done for T-Bills and Development Bonds.

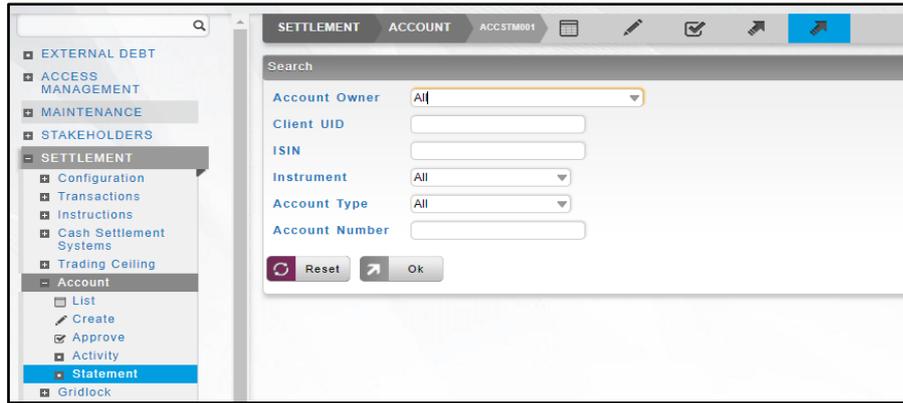
- **Delivering Party:** MBLN
- **Receiving Party:** ADBL
- **ISIN:** NPCB06002083 [*How ISIN is made up of is mentioned on below section*]
- **Face Value:** 80,000.00

Steps

1. MBLN Verifies Available Securities

- Log in as the delivering party.
- Check the account statement to ensure sufficient securities are available.
- Path: Settlement -> Account -> Statement

[Note: If you know the particular ISIN, you can directly search for ISIN and click ok it will show the balance on the particular ISIN you hold.]



Public Debt Operation & Management Software (1.2.21-20240725.1035+0530) Business Date 28072024 (2081-Shrawan-13) Previous (DEFAULT): Start of Business Day - 11:02 Next (DEFAULT): Intraday Auction Cutoff - MANUAL Welcome (mbln1) of Participant MBLNPKA | Logout Alert Status 0, new alerts out of 0

SETTLEMENT ACCOUNT ACCSTM02 List Activity Statement Date: 28072024 (2081-Shrawan-13) 13:29:53:487

Balance Type	Dr Amount			Cr Amount			Transaction Details		
	Units	Face Amount	Curr	Units	Face Amount	Curr	Reference	Account Number	Operation Code
Securities Account: MBLNXXX00000000000002 Account Type Own Status: Active ISIN: NPCB06002083 Status: Active Instrument: CSB 6 Years									
Opening balance				180	180,000.00	NPR			
Available									
Opening balance				180	180,000.00	NPR			
Current Balance				180	180,000.00	NPR			
Current Balance				180	180,000.00	NPR			

- Account statement before FoP transaction for ISIN: NPCB06002083.
- Delivering party's (MBLN) available current balance is 180,000.00

2. Create FoP Instruction (*Through USER 1 of MBLN*)

- Navigate to: Instruction originator -> Enter -> FoP
- Fill in the required information:
 - **Party Reference:** CSB 5 years
 - **Trade Date:** Current or future date (Note: Don't Use Past date)
 - **Intended settlement Date:** Current or future date (Note: Don't Use Past date)
 - **In/Out Indicator:** Select "**DELIVERER**"
 - **Receiving Party:** Confirm the receiving party (e.g., ADBL)
 - **ISIN:** NPCB06002083
 - **Face Value:** 80,000.00
 - **Delivering Account:** Enter the account number of the delivering party
 - **Receiving Account:** Confirm and enter the receiving party's account number (e.g., ADBL)
- Click on "Validate" and then "OK" to execute the instruction and send it for approval.

[Note: If market maker wants to perform transaction of more than one security then you can simply click on "add financial instrument" and enter the details]

3. Approval by Checker User (*Through USER 2 of MBLN*)

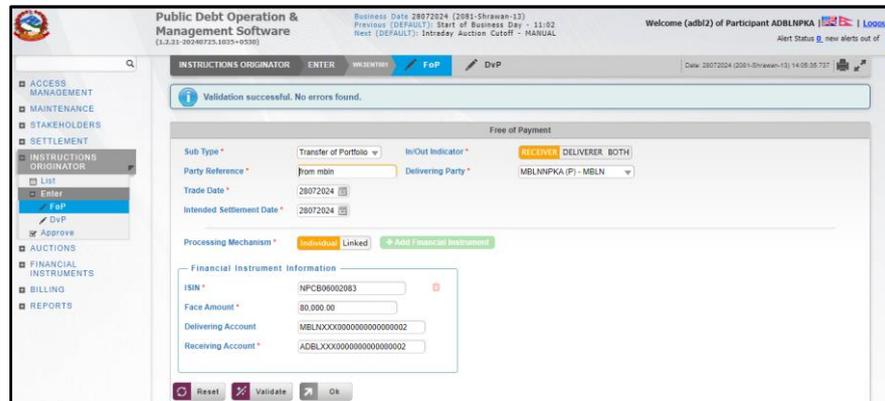
- Checker user logs in, verifies and approves the instruction.
- Path: Instruction originator -> Approve

Steps for the Receiving Party (ADBL)

1. Create FoP Instruction

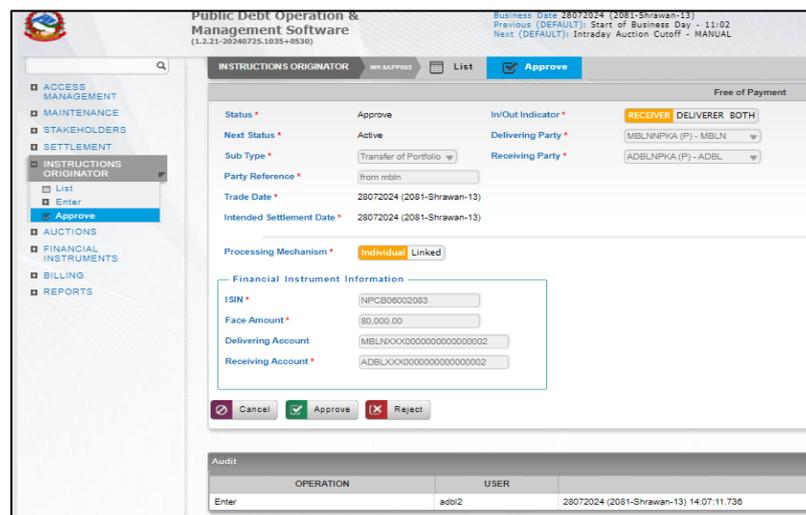
- Log in as the receiving party. (*Through USER 1 of ADBL*)
- Navigate to: Instruction originator -> Enter -> FoP
- Fill in the required information:
 - **Party Reference:** CSB transaction
 - **Trade Date:** Current or future date (not past)
 - **Intended settlement date:** Current or future date (not past)
 - **In/Out Indicator:** Select "**RECEIVER**"
 - **DELIVERING Party:** Confirm the Delivering party (e.g., MBLN)
 - **ISIN:** NPCB06002083
 - **Face Value:** 80,000
 - **Delivering Account:** Enter the account number of the delivering party

- **Receiving Account:** Confirm and enter the receiving party's account number (e.g., ADBL)
- Click on "Validate" and then "OK" to execute the instruction and send it for approval.



2. Approval by Checker User (USER 2 of ADBL)

- ❖ Checker user logs in, verifies and approves the instruction.
- ❖ Path: Instruction originator -> Approve



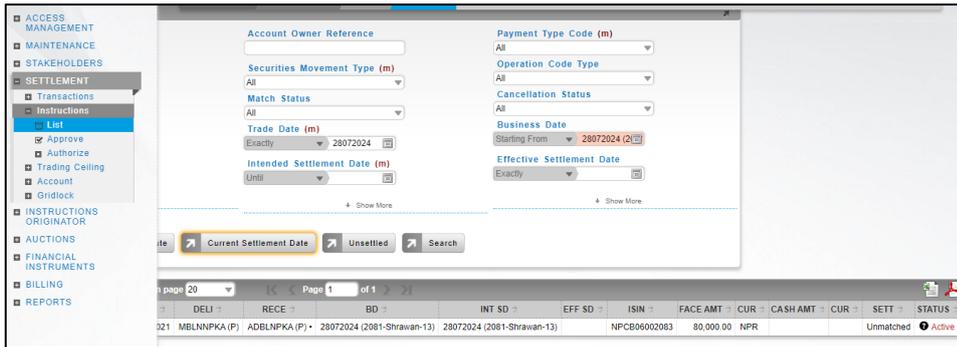
This streamlined process ensures the Receiving party correctly creates and submits FoP instruction for approval.

Checking FoP Instruction Status

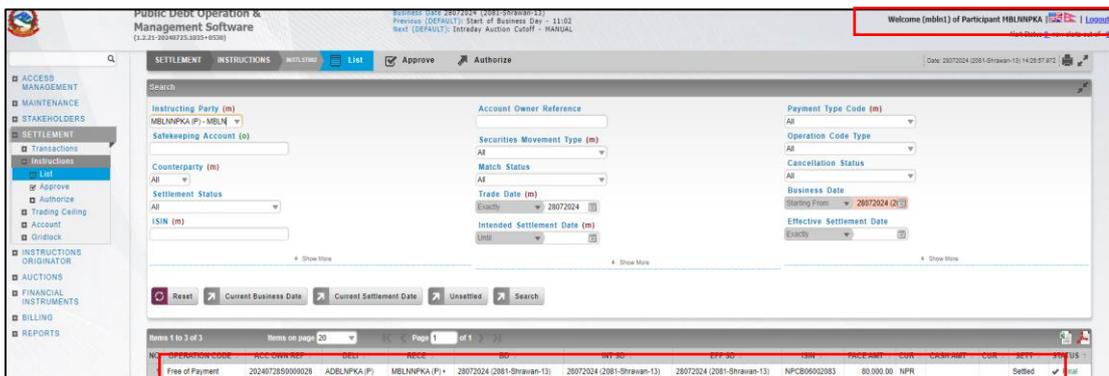
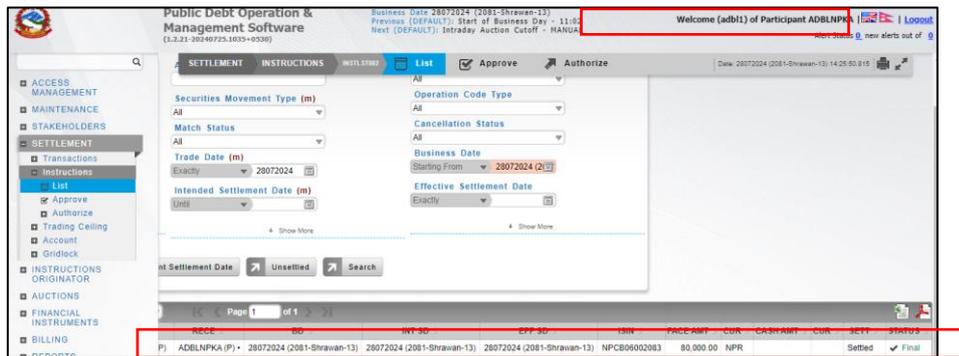
1. Verify Instruction Status

- Path: Settlement -> Instruction -> List
- Search for the instruction to see its status.

If the data submitted by both the sender and receiver do not match or if any one party is pending to submit its details, then the SETT status will be unmatched.

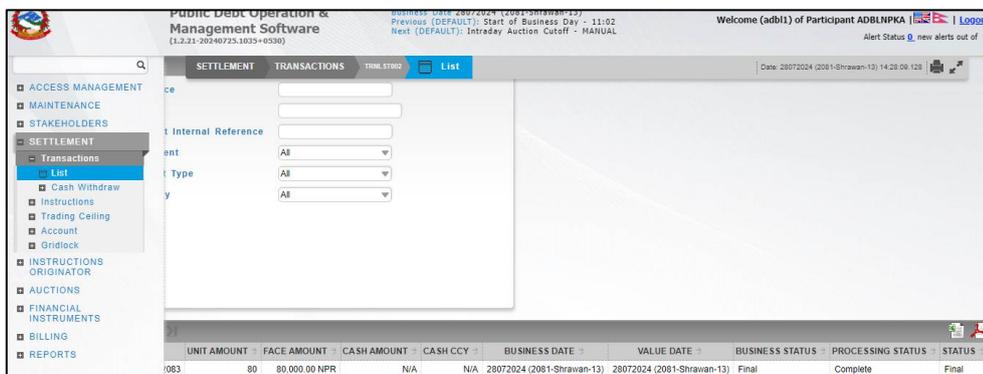


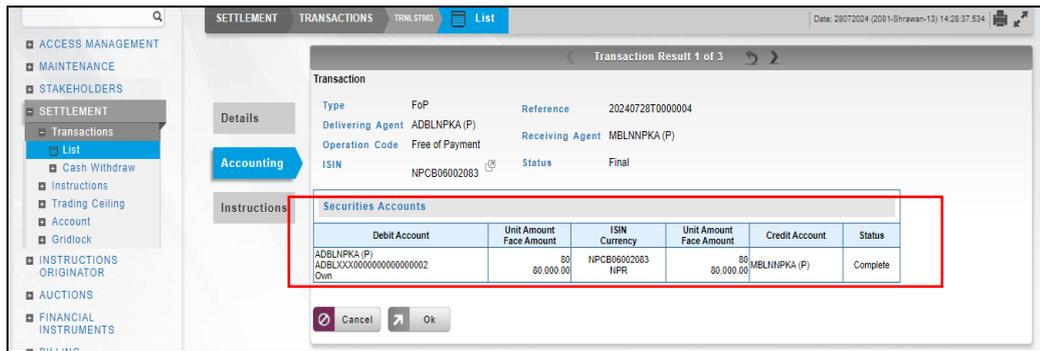
If the data submitted by both the parties are same then the system will check the information filled by both the parties. If the information matches the SETT status will be settled.



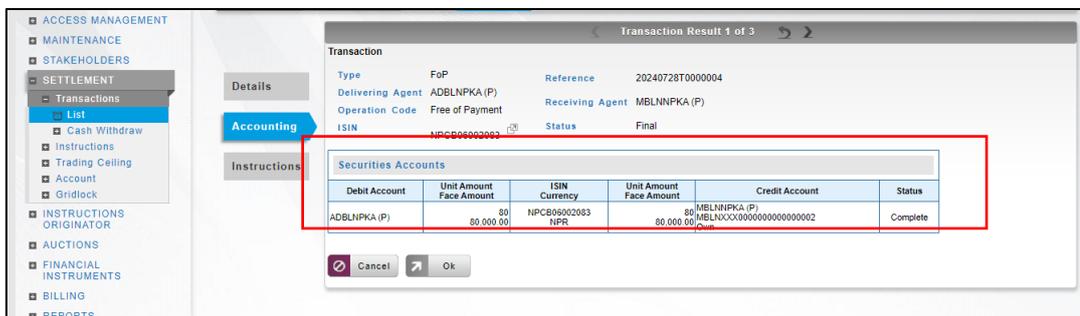
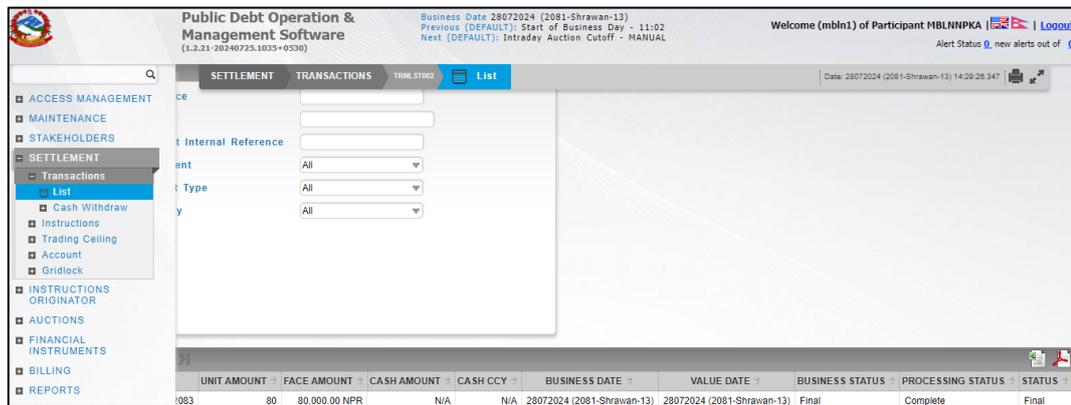
2. Transactions:

Transaction when logged in as receiving party (ADBL).





Transaction when logged in as delivering party (MBLN).



Account statement after FoP transaction.

For the Delivering Party (MBLN)

- Securities are debited from the account.
- To view the updated balance:

➤ Path: Settlement -> Account -> Statement

Public Debt Operation & Management Software

Business Date 29/07/2024 (2081-Shrawan-14)
 Previous (DEFAULT): Start of Business Day - 14:42
 Next (DEFAULT): Intraday Auction Cutoff - MANUAL

Welcome (mbln1) of Participant MBLNPKA | Logout | Alert Status: new alerts out of

SETTLEMENT ACCOUNT ACCSTM02 List Activity Statement

Account Statement for business date 29/07/2024 (2081-Shrawan-14)

Balance Type	Dr	Dr Amount			Cr	Cr Amount			Transaction Details		
		Units	Face Amount	Curr		Units	Face Amount	Curr	Reference	Account Number	Operation Code
Securities Account: MBLNXXX0000000000000002 Account Type: Own Status: Active ISIN: NPCB06002083 Status: Active Instrument: CSB 6 Years											
Opening balance					280	280,000.00	NPR				
Available											
Opening balance					280	280,000.00	NPR				
Transactions											
	1	80	80,000.00	NPR				20240728T0000007	ADBLXXX0000000000000002	Free of Payment	
Total	1	80	80,000.00	NPR							

For the Receiving Party (ADBL)

- Securities are credited to the account.
- The new available balance is 80,000 securities.

Public Debt Operation & Management Software

Business Date 29/07/2024 (2081-Shrawan-14)
 Previous (DEFAULT): Start of Business Day - 14:42
 Next (DEFAULT): Intraday Auction Cutoff - MANUAL

Welcome (adbl1) of Participant ADBLNPKA | Logout | Alert Status: new alerts out of

SETTLEMENT ACCOUNT ACCSTM02 List Activity Statement

Account Statement for business date 29/07/2024 (2081-Shrawan-14)

Balance Type	Dr	Dr Amount			Cr	Cr Amount			Transaction Details		
		Units	Face Amount	Curr		Units	Face Amount	Curr	Reference	Account Number	Operation Code
Securities Account: ADBLXXX0000000000000002 Account Type: Own Status: Active ISIN: NPCB06002083 Status: Active Instrument: CSB 6 Years											
Opening balance					0	0.00	NPR				
Available											
Opening balance					0	0.00	NPR				
Transactions											
					1	80	80,000.00	NPR	20240728T0000007	MBLXXX0000000000000002	Free of Payment
Total					1	80	80,000.00	NPR			
Current balance					80	80,000.00	NPR				

Case 2

Market maker to Public (between the public and his/her registered market maker)

When clients use their registered market maker for bond transactions either for sell or purchase:

- Client visits the market maker, and request accordingly for sell or purchase.
- The market maker only enters the instruction in the DOMS (Debt Operation Management System)
- Both parties (client and market maker) settle the cash aspect privately outside the DOMS.

Example scenario: (Clients wants to buy the securities)

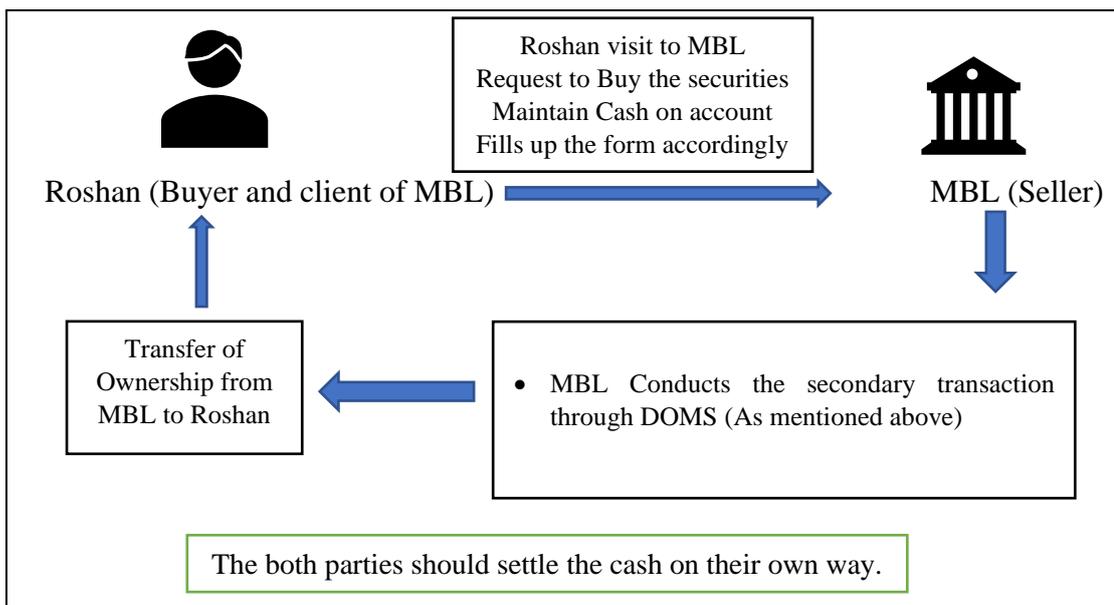
- Client: Roshan
- Market Maker: MBLN
- Transaction: Roshan wants to buy bond from MBLN or sell a bond to MBLN
- MBLN initiates a FOP (Free of Payment) operation in the system.

Create FoP Instruction (Through User 1 of MBLN)

- Log in as the delivering party(in case MBLN sells to Roshan)
- Navigate to: Instruction originator -> Enter -> FoP
- Fill in the required information:
 - **Party Reference:** Roshan
 - **Trade Date:** Current or future date (not past)
 - **In/Out Indicator:** Select "**BOTH**"
 - **DELIVERING Party:** Confirm the Delivering party (e.g., MBLN)
 - **ISIN:** NPCB06002083
 - **Face Value:** 90,000.00
 - **Delivering Account:** Enter the account number of the delivering party (MBLN)
 - **Receiving Account:** Confirm and enter the receiving party's account number (e.g., Roshan)

Then "Validate" and "ok" and approve from the *USER 2 of MBLN*.

[Note: all the process are same for checking the instruction status, statement and transaction status]



Example scenario: (Clients wants to sell the securities to market maker)

[Note: If Roshan visits to sell his holding, then Market Maker should follow the same procedure. The main section is about the delivering party (seller) will be Roshan or any client and receiving party (buyer) will be MBLN or any other market maker.]

Case 3

Market maker to Public and Vice-Versa (Between the public and different market maker than registered one)

- In this case, there is involvement of two market maker, where the Public or client is registered in one market maker and another is perceived as Market maker for conducting the secondary transaction.
- Such kind of Transaction should be initiated through DOMS (Not through Investor Portal)
- Client should request both market maker to initiate the instruction accordingly.

Example Scenario

- Let's say Ram who is registered at MBLN as market maker wants to buy securities from RBB or any other market maker of ISIN: NPCB06002083.
- For this the delivering party will be MBLN so MBLN will initiate the instruction as a Receiver.
- **Delivering Party:** RBB
- **Receiving Party:** MBLN
- **Receiver party account number:** MBLNXXX00000000000003 (RAM Portfolio Account's)
- **ISIN:** NPCB06002083
- **Face Value:** 80,000.00

Steps:

1. Ram visits the RBB and request to buy the securities.
2. RBB verifies securities availability of that particular series.
3. RBB fills up the application form and receives the cash required to buy the securities.
4. RBB (Maker user) creates the FoP instruction as a deliverer. *[Note: Here, RBB or market maker doesn't require to enter the receiving party information.]*
5. RBB (Checker user) approves the instruction.
6. Similarly, Ram informs MBLN to initiate the instruction.
7. MBLN creates a matching FoP instruction as a receiver. *[Note: Here, MBLN selects the RBB as a deliverer and uses the clients account in the receiving party information as: MBLNXXX00000000000003]*
8. MBLN (Checker user) approves the instruction.
9. With approval, Ram can verify the balance of security on Investor's Portal.

After FoP Transaction

- **Delivering Party:** Securities are debited.
 - Path: Settlement -> Account -> Statement
- **Receiving Party:** Securities are credited.

Path: settlement -> Amount -> Statement

[Note: Buy and Sell between client of one particular market maker and different market maker involves same operation.]

CASE 4

Public to Public (Operation is performed in investor portal)

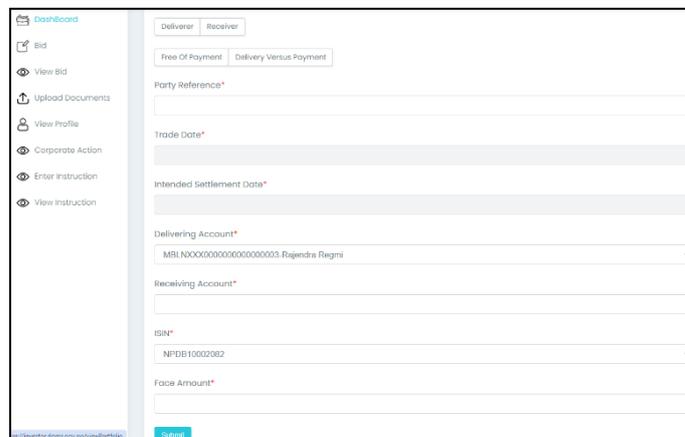
CASE 4.1: If both the seller and buyer have same market maker

Market maker acts as the authorizing body, authorizing the operation. Process flow of this operation:

Steps

Ram Side (Seller and client of MBL)

- a. Ram login Investor Portal.
- b. Enter the instruction



The screenshot shows the 'Enter Instruction' form in the MBL Investor Portal. The form is titled 'Deliverer' and 'Receiver'. It has two tabs: 'Free Of Payment' and 'Delivery Versus Payment'. The form fields include: Party Reference*, Trade Date*, Intended Settlement Date*, Delivering Account* (with a dropdown menu showing 'MBLNXXXX000000000000000003-Rajendra Rajgiri'), Receiving Account*, ISIN* (with a dropdown menu showing 'NFD110002082'), and Face Amount*. A 'Submit' button is at the bottom right.

- c. Ram clicks on **Deliverer** and FoP. (As Seller)
- d. He provides Party Reference of Shyam (Buyer/Receiver), Trade Date, Settlement Date, Delivering Account of Ram (Seller/Deliverer), Receiving Account, ISIN and Face Amount,
- e. He submits the request.
- f. The request will now be seen on the Ram's market maker (MBL) investor portal.
- g. MBL needs to login to their investor portal user ID and approve/reject the entered instruction accordingly.

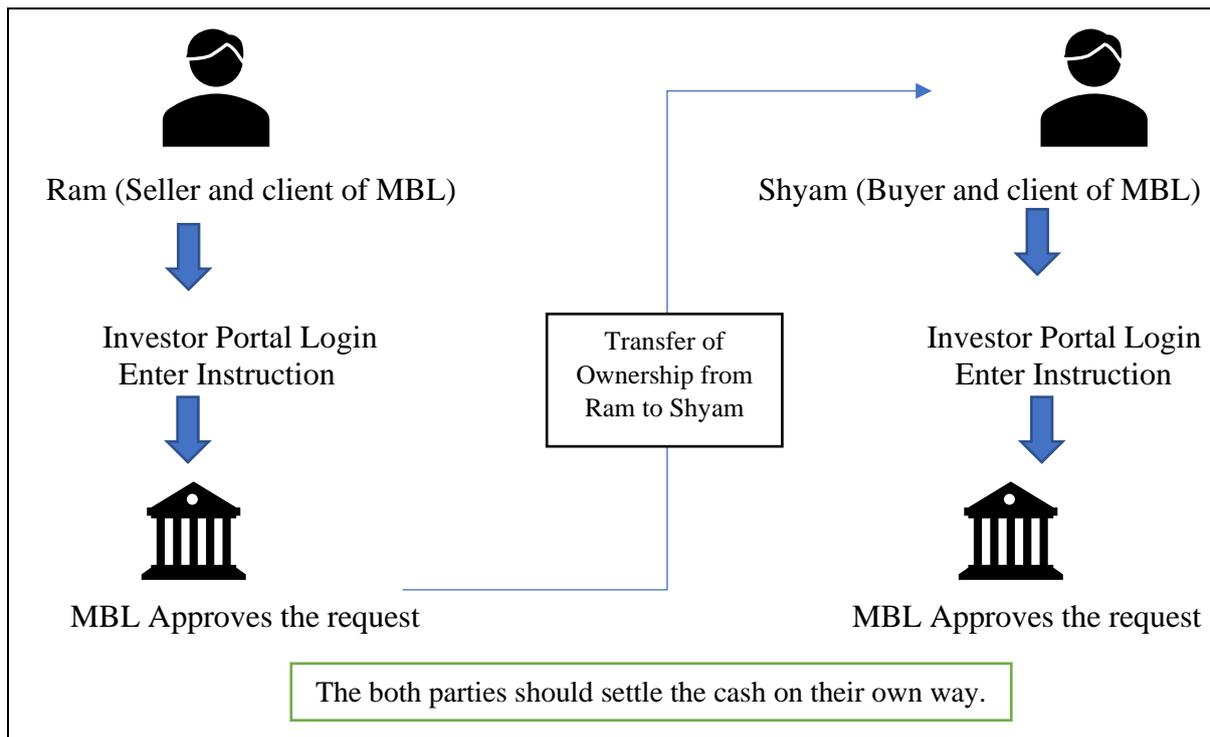
In the same way shyam will enter the instruction as a receiver. The instruction will then be sent for approval in MBL investor portal account. On the approval of the instruction stocks will be traded; process is given below

Shyam Side (Buyer and client of MBL)

- a. Shyam login Investor Portal.
- b. Enter the instruction

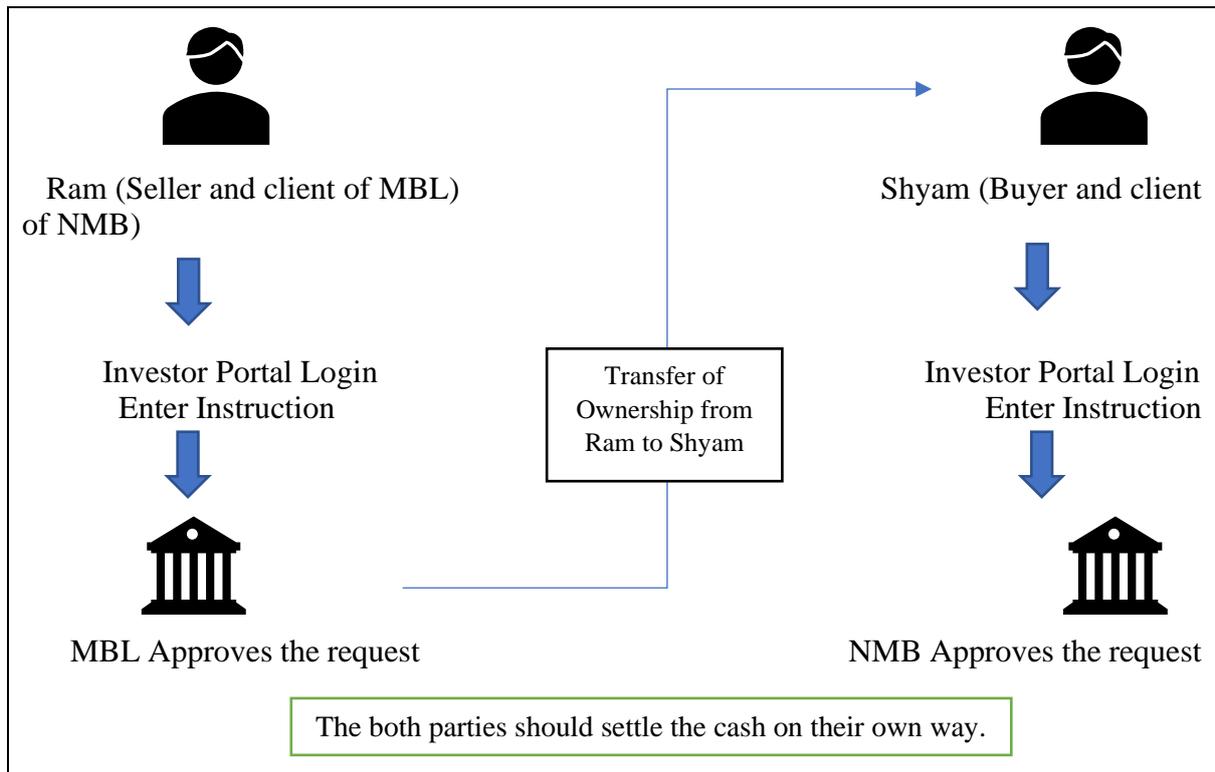
- c. Shyam clicks on Receiver and FoP. (As Buyer)
- d. He provides other information as per required on the Enter Instruction Section.
- e. He submits the request.
- f. The request will now be seen on the Shyam's market maker (MBL) investor portal
- g. MBL needs to login to their investor portal user ID and approve/reject the entered instruction.

Flow chart for same market maker



CASE 4.2 If they have different market maker

Flow chart for Different market maker



Through the Market Maker Investor's Portal, the entered Instruction status can be seen on

->View instruction

If the entered instruction doesn't match then the status will be waiting for broker confirmation

The screenshot shows the Government of Nepal Ministry of Finance Public Debt Management Office portal. The user is Roshan Buda. The 'Instructions' section displays a table with the following data:

Sr. No	Client Name	Operation Type	Face Amount	Cash Amount	Trade Date	Settlement Date	Status	
1	Roshan Buda	FreeOfPayment	10,000.00	0.00	2024-07-25	2024-07-25	Broker Confirmed	View
2	Roshan Buda	FreeOfPayment	10,000.00	0.00	2024-07-25	2024-07-25	Broker Confirmed	View

[Note: Before the broker accepts the instruction, status will be on "waiting for broker confirmation" status.]

You can click on the view and see the further details

Client Instructions	
Operation Type	DeliveryVersusPayment
Client Role	Deliverer
Instructing Party Name	Roshan Buda
Opposite Party Name	Roshan buda
Party Reference	roshan
Trade Date	2024-07-25
Intended Settlement Date	2024-07-25
ISIN	NPCB06002082
Face Amount	10,000.00
Settled Face Amount	0.00
Cash Amount	10,000.00
Settled Cash Amount	0.00
Delivering Account	MBLNXXX000000000000000005
Receiving Account	ADBLXXX000000000000000008
Status	Broker Confirmed
Matching Status	NOT_MATCHED
Settlement Status	Unsettled
Processing Status	Cancelled

Now, if both requests are matched then the operation will debit and credit the units from seller to buyer within 10 minutes.

ISIN CONVENTION

क	Ka	01	प	pa	21
ख	Kha	02	फ	fa	22
ग	ga	03	ब	ba	23
घ	gha	04	भ	bha	24
ङ	nga	05	म	ma	25
च	cha	06	य	ya	26
छ	chha	07	र	ra	27
ज	ja	08	ल	la	28
झ	jha	09	व	wa	29
ञ	yna	10	श	sha	30
ट	Ta	11	ष	SHA	31
ठ	Tha	12	स	sa	32
ड	Da	13	ह	ha	33
ढ	Dha	14	क्ष	kshya	34
ण	ana	15	त्र	tra	35
त	ta	16	ज्ञ	gyan	36
थ	tha	17			
द	da	18			
ध	dha	19			
न	na	20			

1. How DOMS and INVESTOR portal assigns the ISIN

For example: For development bond and treasury Bills

2082 'ण' = NPDB05032082

NP: Nepal

DB: Development Bond

05: year of maturity (i.e., 5-year bond)

03: "ण" as per above table number is assigned categorically

2082: series name

[Note: For treasury bill TB will be used in place of DB i.e., NPTB09100144]

For example: For Citizen Saving and Foreign Employment Saving Bond

2082 'ण' = NPCB05032082

NP: Nepal

CB: citizen Bond

05: year of maturity (i.e., 5-year bond)

03: "ण" as per above table number is assigned categorically

2082: series name

[Note: For Foreign employment bond FB will be used in place of CB i.e., NPFB06012083 for 2083 'क']