

## Pledge Module

### **Pledge Operation:**

A pledge operation refers to a financial arrangement where an asset is pledged as collateral for certain time period to secure a loan or any other obligation. **It is performed by Pledgee only in DOMS system.**

### **Supported Securities:**

- Development bonds
- Treasury bills
- Citizen saving bond
- Foreign employment saving bond

### **Parties Involved:**

This operation involves the same approach as that of FoP/DvP operation, just the parties involved have a bit different approach of proceeding for the operations. There are three parties involved.

- **Pledger (ऋण लीने):** Individual or Entity pledging assets as security/collateral.
- **Pledgee (ऋण दिने):** Lender or creditor receiving the asset as security/collateral.
- **Authorizing bodies:** PDMO or NRB; validate and authorize operations.

### **Key Points**

- Involves a pledging party [Pledger (ऋण लीने संस्था वा व्यक्ति)] and lender or creditor [Pledgee (ऋण दिने संस्था वा व्यक्ति )]
- Only one party (Pledgee - ऋण दिने संस्था वा व्यक्ति) will enter instruction details in the DOMS system.
- 3-layer approval system. (Checker, Maker and PDMO/NRB Admin)
- Pledger (the individual or entity who seeks loan or any obligations) must have sufficient securities in the account.

### **Features in Pledge operation**

1. Pledge Creation (Pledge DvP or Pledge FoP)
2. Pledge Release
3. Pledge Maturity
4. Pledge Execution

#### **1. Pledge Creation**

The system supports four types of pledge creation operations:

- a. NRB to BFI's; Pledge with NRB (NRB as a Lender)
- b. BFI's to BFI's (One BFI as Lender to another BFI)
- c. Market Maker to their own client (Market maker as Lender)
- d. Market Maker to client of different Market Maker (Between two different Market)

## a. NRB to BFI's; Pledge with NRB (NRB as a Lender)

To conduct the Monetary Management Instrument such as Repo/Reverse Repo, Outright Purchase/Sale, ILF, SLF, Overnight Repo by NRB. To utilize any instrument, BFI's should submit the securities and required formal letter to NRB. NRB is fully responsible to enter the pledge instruction and approve accordingly.

### Steps:

#### a) Create Instruction: (Through USER 1)

- Login to the DOMS System.
- Navigate to Instruction originator → Enter → Pledge → **Pledge FoP**.

*[Note: Pledge DvP is not in operation at the moment.]*

The screenshot shows the 'Pledge' form in the DOMS system. The left sidebar contains a navigation menu with categories like EXTERNAL DEBT, ACCESS MANAGEMENT, MAINTENANCE, STAKEHOLDERS, SETTLEMENT, INSTRUCTIONS ORIGINATOR, AUCTIONS, FINANCIAL INSTRUMENTS, ADMINISTRATIVE, BILLING, and REPORTS. The 'INSTRUCTIONS ORIGINATOR' menu is expanded, showing options for List, Enter, FoP, DvP, Pledge, and Approve. The main form area is titled 'Pledge' and contains the following fields and controls:

- Party Reference \* (text input)
- In/Out Indicator \* (dropdown menu, currently set to PLEDGER)
- Intended Settlement Date \* (date picker)
- Pledge Maturity Date \* (date picker)
- Contract Number \* (text input)
- Instruction Reference (text input)
- Processing Mechanism \* (dropdown menu, currently set to Individual Linked)
- + Add Financial Instrument (button)
- Financial Instrument Information section:
  - ISIN \* (text input)
  - Delivering Account (text input)
  - Receiving Account \* (text input)
- Remarks (max. 500 characters) (text area)
- Buttons: Reset, Validate, and a plus sign icon.

This sort of outlay will be display.

- Select "**Pledgee**" in the **In/Out indicator** [Very crucial for all pledge operation as pledgee will be performing all the operations]
- Fill in the other required fields:
  - Party Reference: Unique script to recognize the operation.  
*[For E.g.: ABC Bank ILF]*
  - Intended settlement date: Date of settlement of operation.  
*[Mostly at the same date of instruction creation]*
  - Pledge Maturity date: Maturity date of pledge  
*[For E.g.: If Pledge is to be conducted for 3 months, then choose the maturity date accordingly.]*
  - Contract Number: Contract number of that pledge operation  
*[For E.g.: 20818201]*
  - In/Out Indicator (**Pledgee**)
  - Pledger: One who seeks the loan or commitment. Select the bank which is seeking for loan.  
*[For E.g.: ABCBNPKA(P)-ABCB]*
  - ISIN (Security Identifier): ISIN of security that needs to be pledged  
*[For E.g.: NPDB052085. Also, note you can enter multiple of securities by choosing Add Financial Instrument]*
  - Face: Amount: Amount to be pledged of the securities.  
*[For E.g.: 1,000,000.00]*
  - Delivering Account: **Pledgers Portfolio Number** – DOMS account number of pledger (Note: In this operation pledgers own account should be entered)  
*[For E.g.: ABCBXXX000000000000000002]*
  - Receiving Account: Pledgee (ऋण दिने संस्था]) will enter their own account number – **Pledgee Portfolio Number**

[For E.g.:NRBLXXX0000000000000008]

➤ Remarks: Add remarks if necessary

[For E.g.:Pledge for ILF ]

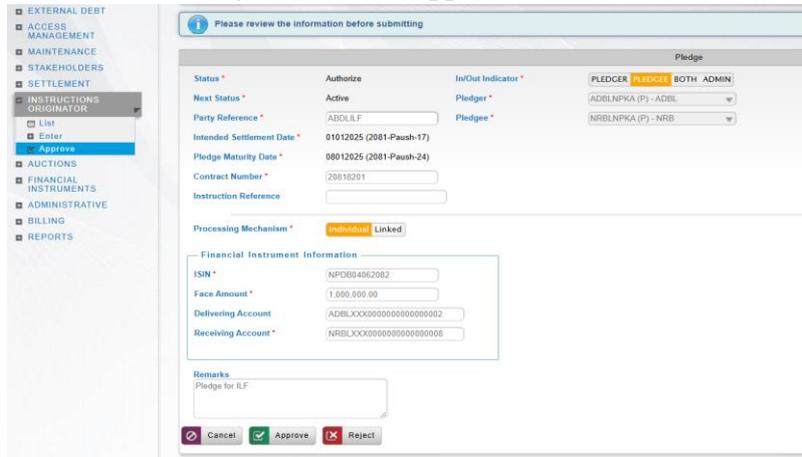
- Click "Validate" then "OK"

b) Checker/Approve process (**Through USER 2**)

- Checker user: Go to Instruction originator -> Approve



- Review and Verify details and Approve



c) Authorize process (**Through USER 3**)

This request is then forwarded to Admin user of NRB/PDMO for final authorizing. This process is same as **“Process B- same user interface is displayed”**. After the approval from the PDMO/NRB, the pledge is successful.

This can be verified through the report

➔ Reports ➔ On Demand ➔ Statement of Pledges

| Contract Reference | Contract Number | Contract Start Date | Contract End Date | Cash Amount | Status | Seller Details                           | Buyer Details                            | ISIN         | Contract Balance | Currency |
|--------------------|-----------------|---------------------|-------------------|-------------|--------|--|--|--------------|------------------|----------|
| 20250101C0000001   | ADBL12232322    | 1/1/25 12:00 AM     | 1/2/30 12:00 AM   |             | CLOSED | GLBBNPKA:<br>GLBBXXX00000000000000000002 | ADBLNPKA:<br>ADBLXXX00000000000000000002 | NFDB13012086 | 0                | NPR      |
| 20250103C0000001   | 20818201        | 1/1/25 12:00 AM     | 1/8/25 12:00 AM   |             | ACTIVE | ADBLNPKA:<br>ADBLXXX00000000000000000002 | NRBLNPKA:<br>NRBLXXX00000000000000000008 | NFDB04082082 | 1000             | NPR      |

[Please note that: The contract Balance indicates the Pledge Unit. I.e., 1000 units and its total value is 1000 units \* 1000 Face value = NPR 1,000,000.00. Seller represents the Pledger and Buyer represents the Pledgee]

Further, the pledged can be verified through Instruction list:

- Check status: Settlement -> Contracts -> Ok
- All the pledge operations will be seen here.

## b. BFI-to-BFI Pledge

This pledge allows one bank or institutions to pledge the securities of another bank or institutions. Specially this process is applicable on the Interbank Borrowing Process.

### Points to be Noted

- ➔ Only Pledgee (The lender) should enter the details of the securities on the DOMS as maker and approve as checker.
- ➔ After that, the request is forwarded to PDMO for final approval.
- ➔ After the approval it can be reflected on their portfolio and pledge statement.

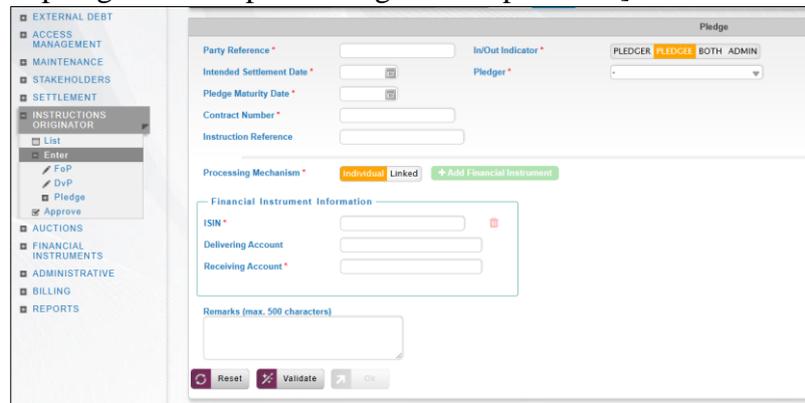
Example Scenario for BFI-to-BFI Pledge of securities:

- **Pledger** (ऋण लीने संस्था) : GLBB
- **Pledgee** (ऋण दिने संस्था): ADBL
- **ISIN**: NPDB06002083
- **Face Value**: NPR. 800,000.00

**Steps** : ADBL as **Pledgee** (ऋण दिने संस्था) enters the pledge request from maker.

### Process A:

- Log in as ADBL Maker User1
- Navigate to Instruction originator → Enter → Pledge → Pledge FoP
- Select "**Pledgee**" in the **In/Out indicator** [very crucial for all pledge operation as pledgee will be performing all the operations]



- Fill in the other required fields:
  - Party Reference: Unique script to recognize the operation.  
[For E.g.: GLBBIBB]
  - Intended settlement date: Date of settlement of operation.  
[Mostly at the same date of instruction creation]
  - Pledge Maturity date: Maturity date of pledge  
[For E.g.: If Pledge is to be conducted for 3 days, then choose the maturity date accordingly.]
  - Contract Number: Contract number of that pledge operation  
[For E.g.: 20818202]
  - In/Out Indicator (**Pledgee**)
  - Pledger: One who seeks the loan or commitment. Select the bank which is seeking for loan.  
[For E.g.: GLBBNPKA(P)-GLBB]
  - ISIN (Security Identifier): ISIN of security that needs to be pledged

[For E.g.: NPDB06002083. Also, note you can enter multiple of securities by choosing Add Financial Instrument]

- Face: Amount: Amount to be pledged of the securities.

[For E.g.: 800,000.00]

- Delivering Account: **Pledgers Portfolio Number** – DOMS account number of pledger (Note: In this operation pledgers own account should be entered)

[For E.g.: GLBBXXX0000000000000002]

- Receiving Account: Pledgee (ऋण दिने संस्था]) will enter their own account number (**Pledgee Portfolio Number**)

[For E.g.: ADBLXXX0000000000000002]

- Remarks: Add remarks if necessary

[For E.g.: Pledge for IBB ]

- Click "Validate" then "OK"

### Process B: Approve the request (Through USER 2/checker)

- Checker user: Go to Instruction Originator -> Approve
- Review and Verify details and Approve

### Process C: Authorize process (Through USER 3-PDMO)

- This request is then forwarded to Admin user of PDMO for final authorizing. For this purpose, the BFI's (Pledgee) should submit Annex 14 of Internal Debt (Issuance and Management) Procedure, 2081 [आन्तरिक ऋण (निष्कासन तथा व्यवस्थापन) कार्यविधि, २०८१ को अनुसूची १४] to PDMO along with the application of pledger.
- After the approval from the PDMO, the pledge is successful. This can be verified through the report

➔ Reports ➔ On Demand ➔ Statement of Pledges

| Contract Reference | Contract Number | Contract Start Date | Contract End Date | Cash Amount | Status | Seller Details                       | Buyer Details                        | ISIN         | Contract Balance | Currency |
|--------------------|-----------------|---------------------|-------------------|-------------|--------|--------------------------------------|--------------------------------------|--------------|------------------|----------|
| 20250101C0000001   | ADBL12232322    | 1/1/25 12:00 AM     | 1/2/30 12:00 AM   |             | CLOSED | GLBBNPKA:<br>GLBBXXX0000000000000002 | ADBLNPKA:<br>ADBLXXX0000000000000002 | NPDB13012086 | 0                | NPR      |
| 20250103C0000001   | 20818201        | 1/1/25 12:00 AM     | 1/8/25 12:00 AM   |             | ACTIVE | ADBLNPKA:<br>ADBLXXX0000000000000002 | NRBLNPKA:<br>NRBLXXX0000000000000008 | NPDB04062082 | 1000             | NPR      |

[Please note that: The contract Balance indicates the Pledge Unit. I.e. 1000 units and it's total value is 1000 units \* 1000 Face value = NPR 1,000,000.00. Seller represents the Pledger and Buyer represents the Pledgee]

Further, the pledged can be verified thorough Instruction list:

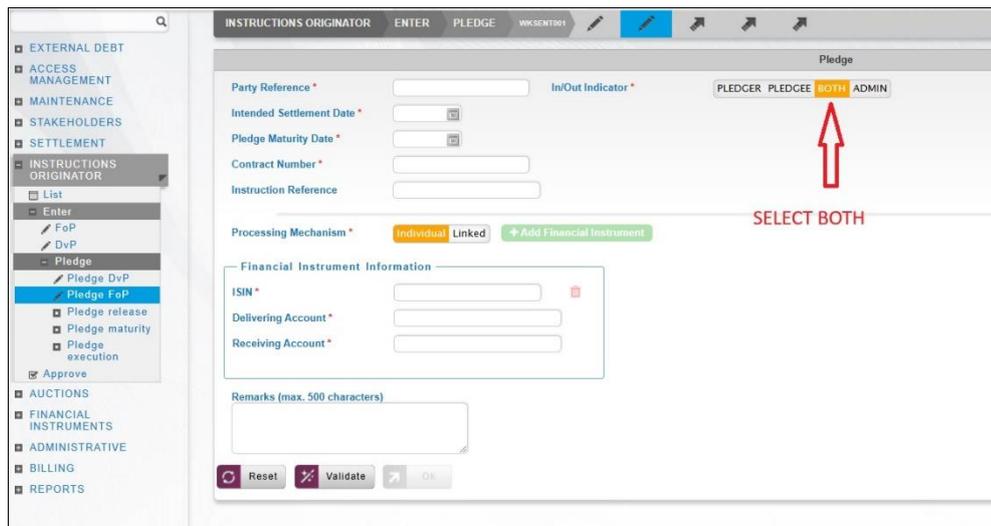
- Check status: Settlement -> Contracts -> Ok
- All the pledge operations will be seen here.

### c. Market Maker to their own client (Market maker as Lender)

This operation is specially used when Market Maker provides loan to their own registered clients. The process to be conducted in DOMS is similar to **Process B : BFI's to BFI's** as explained above. Please consider the same process and note some difference compared to the above process.

#### Note (Through USER 1/Maker)

- In/Out Indicator – Choose **“Both”** instead of “Pledgee”.
- For other fields: You have take the reference of above process.
- Delivering Account: Enter **Client's Portfolio Number**  
(E.g. MBLNXXX000000000000000044)
- Receiving Account: Enter **Market Maker Portfolio Number**  
(E.g. MBLNXXX000000000000000002)



#### Approve the request (Through USER 2/checker)

- Checker user: Go to Instruction Originator -> Approve
- Review and Verify details and Approve

#### Authorize process (Through USER 3-PDMO)

- This request is then forwarded to Admin user of PDMO for final authorizing. For this purpose, the BFI's (Pledgee) should submit Annex 13 of Internal Debt (Issuance and Management) Procedure, 2081 [आन्तरिक ऋण (निष्कासन तथा व्यवस्थापन) कार्यविधि, २०८१ को अनुसूची १३] to PDMO along with the application of pledger.
- After the approval from the PDMO, the pledge is successful. This can be verified through the report

➔ Reports ➔ On Demand ➔ Statement of Pledges  
(Please read the above process also.)

#### d. Market Maker to client of different Market Maker (Between two different Market Makers)

This operation is specially used when Market Maker provides loan to client registered with another Market Maker. The process to be conducted in DOMS is similar to **Process B : BFI's to BFI's** as explained above. Please consider the same process and note some difference compared to the above process.

##### Note (Through USER 1/Maker)

- In/Out Indicator – Choose “Pledge”.
- For other fields: You have to take the reference of above process.
- Delivering Account: Enter **Client's Portfolio Number**  
(E.g. ABCBXXX0000000000000028)
- Receiving Account: Enter **Market Maker Portfolio Number**  
(E.g. MBLNXXX0000000000000002)

The screenshot displays the DOMS system interface for creating a Pledge instruction. The sidebar menu on the left shows the 'INSTRUCTIONS ORIGINATOR' section expanded, with 'Pledge' selected. The main form contains the following fields and options:

- Party Reference \***: Text input field.
- In/Out Indicator \***: Dropdown menu with 'PLEDGER' selected.
- Intended Settlement Date \***: Date picker.
- Pledge \***: Dropdown menu with 'Pledge' selected.
- Pledge Maturity Date \***: Date picker.
- Contract Number \***: Text input field.
- Instruction Reference**: Text input field.
- Processing Mechanism \***: 'Individual' (highlighted in orange) and 'Linked' (with a green arrow and 'Add Financial Instrument' button).
- Financial Instrument Information**: A box containing:
  - ISIN \***: Text input field.
  - Delivering Account**: Text input field.
  - Receiving Account \***: Text input field.
- Remarks (max. 500 characters)**: Text area.
- Buttons: 'Reset', 'Validate', and 'OK'.

##### Approve the request (Through USER 2/Checker)

- Checker user: Go to Instruction Originator -> Approve
- Review and Verify details and Approve

##### Authorize process (Through USER 3-PDMO)

- This request is then forwarded to Admin user of PDMO for final authorizing. For this purpose, the BFI's (Pledge) should submit Annex 13 of Internal Debt (Issuance and Management) Procedure, 2081 [आन्तरिक ऋण (निष्कासन तथा व्यवस्थापन) कार्यविधि, २०८१ को अनुसूची १३] to PDMO along with the application of pledger.
- After the approval from the PDMO, the pledge is successful. This can be verified through the report

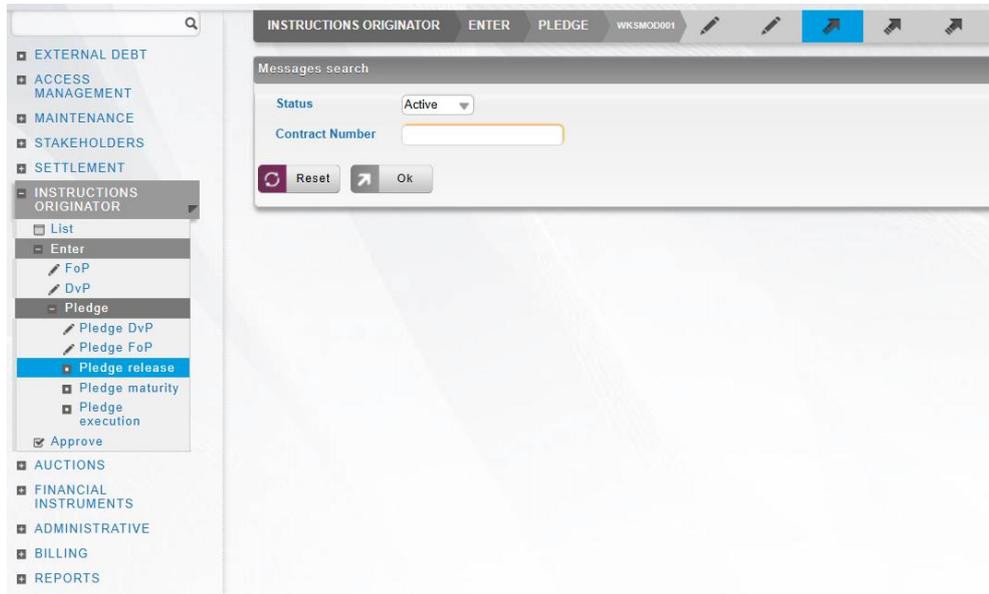
➔ Reports ➔ On Demand ➔ Statement of Pledges  
(Please read the above process also.)

## 2. Pledge Release: Done by Pledgee

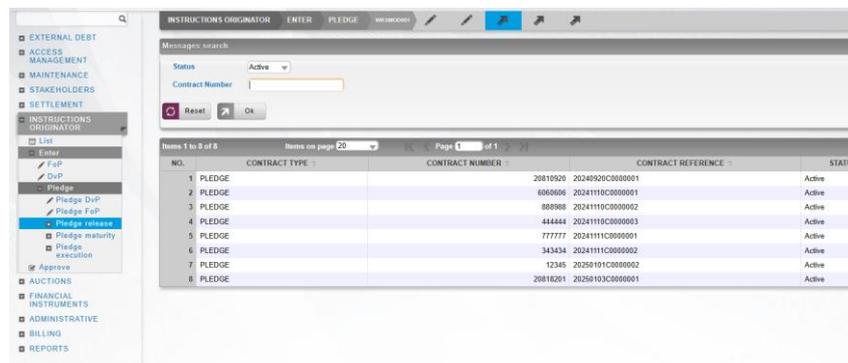
The Pledgee can release the securities if the loan obligation is ended. This can be performed as follow:

### Steps A: Through USER 1/Maker

- **Pledgee** will perform the release operation and final approval is then provided by PDMO.
- Go to Instruction Originator → Enter → Pledge → Pledge release (Such interface will be displayed)



- Enter the Contract Number or you can click OK. It will display the Active Pledge list



| NO. | CONTRACT TYPE | CONTRACT NUMBER | CONTRACT REFERENCE | STATUS |
|-----|---------------|-----------------|--------------------|--------|
| 1   | PLEDGE        | 20810520        | 20248920C0000001   | Active |
| 2   | PLEDGE        | 6066006         | 20241110C0000001   | Active |
| 3   | PLEDGE        | 688908          | 20241110C0000002   | Active |
| 4   | PLEDGE        | 444444          | 20241110C0000003   | Active |
| 5   | PLEDGE        | 717777          | 20241111C0000001   | Active |
| 6   | PLEDGE        | 343434          | 20241111C0000002   | Active |
| 7   | PLEDGE        | 12345           | 20250101C0000002   | Active |
| 8   | PLEDGE        | 20818201        | 20250103C0000001   | Active |

- Enter the Contract Number or you can click OK. It will display the Active Pledge list
- Click the pledge as required to release. Such interface will be displayed

- Enter the required details.

- Party Reference: Enter the release note (*E.g. ADBLRELEASE*)
  - Intended Settlement Date: Date when the release is to be done.
  - Under Release Information:
    - ISIN : Enter the same ISIN that is to be released.
    - Face Amount: Enter the amount to be released.
    - Delivering Account: The pledgee is now releasing the securities so enter the pledgee portfolio number (*E.g. NRB is releasing the security of ADBL, then you should enter NRB's Portfolio Number*)
    - Receiving Account: The Pledger is now receiving the securities from pledgee so enter the Pledger portfolio number. (*E.g. ADBL's Portfolio Number*)
- (NOTE: The Contract Pledge Details, at the time of pledge and the release information, at the time of release is just opposite)**

- Validate and then "ok". This request will now be sent to "Checker" for verification.

### **Steps B: Through USER 2/Checker**

- Go to Instruction Originator → Approve (Such interface will be displayed)

- Click the required Pledge release FoP. Such interface will be displayed.

- Check the details and approve.

### **Process C: Authorize process (Through USER 3-PDMO)**

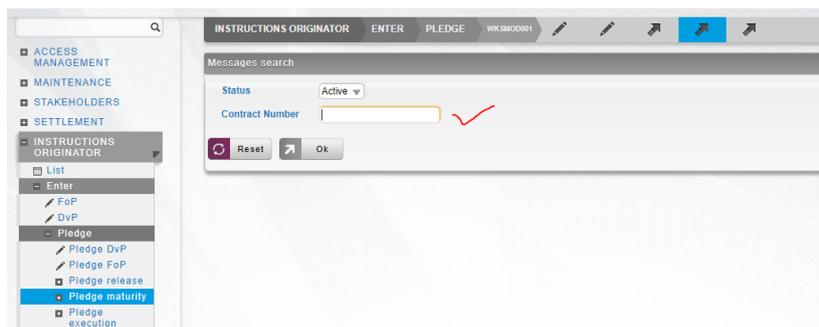
- This request is then forwarded to Admin user of PDMO for final authorizing. For this purpose, the BFI's (Pledgee) should submit Annex 15 of Internal Debt (Issuance and Management) Procedure, 2081 [आन्तरिक ऋण (निष्कासन तथा व्यवस्थापन) कार्यविधि, २०८१ को अनुसूची १५] to PDMO along with the application of pledger to release.
- After the approval from the PDMO, the release is successful. This can be verified through the report  
 → Reports → On Demand → Statement of Pledges  
 (Please read the above process also.)

### 3. Pledge Maturity

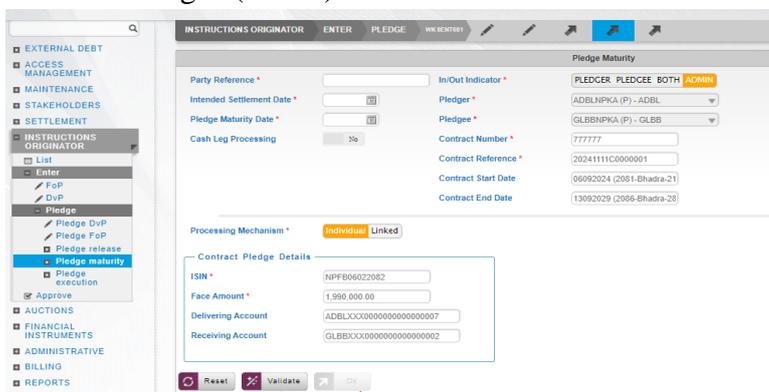
This function lets the "Pledgee" change the maturity date of active pledge operations. One user from the pledgee will enter the change date request and another will approve and the approved/verified instruction is forwarded to PDMO for final approval. Upon the final approval maturity date will be changed.

Steps:

- Navigate to Instruction originator → Enter → Pledge → Pledge maturity
- Enter the contract number of pledges you want to change the maturity date and click "ok".



- Such interface will be displayed. Enter the "party reference", "settlement date" and the new "maturity date". Upon "validation" and "ok" it is subjected to second approval from the Pledgee (user-2) and forwarded to PDMO for final approval.



- After final approval, the new maturity date will be reflected on the Report → on demand → statement of pledge. The red section will be updated by the new maturity date also known as contract end date.

  
 Tel: 91-11-47712000 C/Cell  
Address: Kathmandu, Nepal  
4000

Statement of Pledges

| Contract Reference | Contract Number | Contract Start Date | Contract End Date | Cash Amount | Status  | Participant  |             | Deliver Details | Borrow Details | ISIN        | Contract Balance | Currency |
|--------------------|-----------------|---------------------|-------------------|-------------|---------|--------------|-------------|-----------------|----------------|-------------|------------------|----------|
|                    |                 |                     |                   |             |         | Account Code | All         |                 |                |             |                  |          |
| 2024021C000001     | 90901           | 8/7/24 12:00 AM     | 8/11/24 12:00 AM  |             | BANNED  | GLBBENPKA    | NARBNPKA    | GLBBENPKA       | NARBNPKA       | NPCB0002083 | 30               | NPR      |
| 2024021C000002     | 200             | 8/7/24 12:00 AM     | 8/9/24 12:00 AM   |             | CLOSED  | GLBBENPKA    | NARBNPKA    | GLBBENPKA       | NARBNPKA       | NPCB0002083 | 0                | NPR      |
| 2024021C000003     | 018342          | 8/7/24 12:00 AM     | 8/9/24 12:00 AM   |             | CLOSED  | NARBNPKA     | GLBBENPKA   | NARBNPKA        | NPCB0002085    | 0           | NPR              |          |
| 2024021C000004     | 018243          | 8/7/24 12:00 AM     | 8/9/24 12:00 AM   |             | CREATED | NARBNPKA     | GLBBENPKA   | NARBNPKA        | NPCB0002083    | 0           | NPR              |          |
| 2024021C000005     | 018344          | 8/7/24 12:00 AM     | 8/9/24 12:00 AM   |             | BANNED  | NARBNPKA     | NARBNPKA    | NARBNPKA        | NPCB0002083    | 55          | NPR              |          |
| 2024021C000006     | 018445          | 8/7/24 12:00 AM     | 8/9/24 12:00 AM   |             | CLOSED  | NARBNPKA     | PDMONPKA111 | NARBNPKA        | NPCB00010428   | 0           | NPR              |          |
| 2024022C000001     | ADREDB00        | 8/9/24 12:00 AM     | 8/21/24 12:00 AM  |             | CREATED | EDBLNPKA     | ADBLNPKA    | EDBLNPKA        | NPCB001011717  | 0           | NPR              |          |
| 2024022C000002     | AD001           | 8/9/24 12:00 AM     | 8/19/24 12:00 AM  |             | BANNED  | ADBLNPKA     | EDBLNPKA    | ADBLNPKA        | NPCB001011717  | 8000        | NPR              |          |

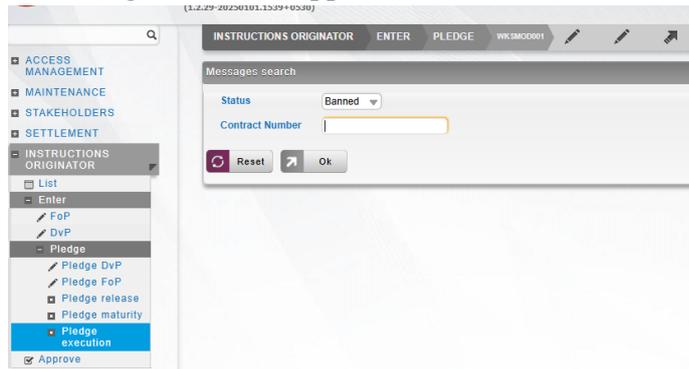
### 4. Pledge Execution

Pledges can be bought by the Pledgee if the pledger fail to pay the loan/commitment upon the completion of the maturity of pledge. This function is enabled only for the banned and disputed securities.

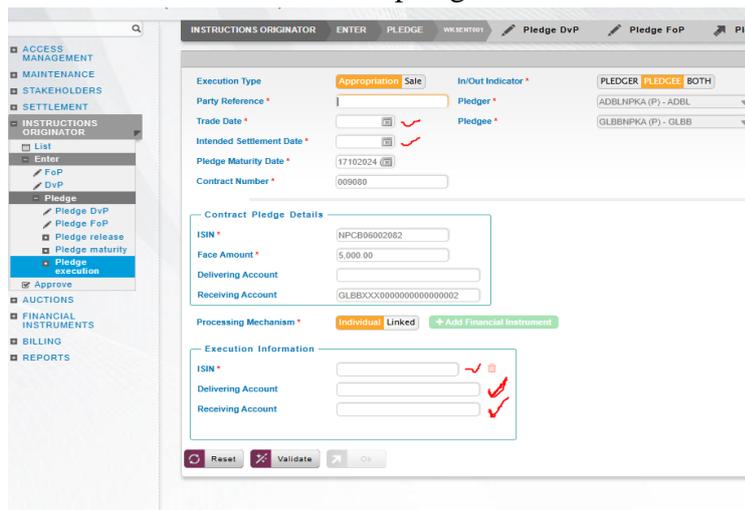
Steps:

1. Navigate to Instruction originator → Enter → Pledge → Pledge Execution.

Following screen will appear.



2. Provide the contract number which you want to execute or simply clicking ok will display all the pledges which are past the maturity date. Click the one you want to execute.
3. Such interface will be displayed. Enter all the required details. (Note: here the delivering account will be of "pledger" in this case account of ADBL i.e. ADBLXXX00000000000002) and receiving account will be of "pledgee" in this case of GLBB who is the pledgee.



4. Upon 3-layer approval, the pledge will be sold to Pledgee and this will be reflected on Reports → portfolio statement