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.]

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- 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.

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	ISIN *	NPCB06002083		
	Face Amount*	80,000.00		
	Delivering Account*	MBLNXXX0000000000000000000000000000000000		
	Receiving Account	ADBLXXX0000000000000000000000000000000000		

[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, varifies and approves the instruction.
- Path: Instruction originator -> Approve

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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.

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

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

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		Receiving Account *	ADBLXXX000000000000000	002	
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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.

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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.

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2. Transactions:

Transaction when logged in as receiving party (ADBL).

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Transaction when logged in as delivering party (MBLN).

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Cash Withdraw	Accounting	ISIN	NPCB06002093	Status	Final			_
Instructions	and the second se							
Irading Ceiling	Instruction	s Securities Acco	ounts					
Gridlock		Debit Account	Unit Amount Face Amount	ISIN Currency	Unit Amount Face Amount	Credit Account	Status	
INSTRUCTIONS ORIGINATOR		ADBLNPKA (P)	80 80,000.00	NPCB06002083 NPR	8 80,000.0	MBLNNPKA (P) MBLNXXX0000000000000000000000000000000000	Complete	
AUCTIONS								
FINANCIAL INSTRUMENTS		O Cancel 7	Ok					
BILLING								

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

8	Manageme (1.2.21-20240725.	ent 9	oeration & Software	Business L Previous (Next (DEF	ate 2907 DEFAULT) AULT): In	2024): Star htraday	(2081-Shrawan t of Business Auction Cutor	1-14) Day - 14:42 ff - MANUAL		Welcome (mbln1)	of Participant MBLNNPKA Alert Status D	new alerts out of
٩	SETTLEM	ENT	ACCOUNT	ACCSTM002		Ac	tivity 🌏	Statement		Date: 28	072024 (2081-Shrawan-13) 14:44:00.3	94 💼 🖉
ACCESS MANAGEMENT		Account Statement for business date 29072024 (2081-Shrawan-14)										
				Dr Amount				Cr Amount		Transaction Details		
SETTLEMENT Transactions	Type	Dr	Units	Face Amount	Curr	Cr	Units	Face Amount	Curr	Reference	Account Number	Operation Code
Instructions	Securities Ad	ccount:	MBLNXXX0000	000000000002 Account	Type:Own	Sta	tus: Active	ISIN: NPCB06002083	Status: Ac	tive Instrument: CS	B 6 Years	
Trading Ceiling Account List	Opening balance						280	280,000.00	NPR			
Activity							4	Available				
Statement Gridlock	Opening balance						280	280,000.00	NPR			
INSTRUCTIONS ORIGINATOR	Transactions	;										_
AUCTIONS FINANCIAL		1	80	80,000.0	NPR					20240728T0000007	ADBLXXX000000000000000002	Free of Payment
	Total	1	<u>80</u>	80,000.0	NPR							-

For the Receiving Party (ADBL)

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

	Public Debt Manageme (1.2.21-20240725.1	t Op nt 9	Deration & Software		Business D Previous (E Next (DEFA	ate 29072 DEFAULT): ULT): Int	2024 Sta rada	(2081-Shrawa art of Business ay Auction Cut	an-14 Day off -) - 14:42 MANUAL		Welcome (adbl1) of Participant ADBLNPKA	new alerts out o	
٩	SETTLEME	NT	ACCOUNT	ACC STM002	List		Ac	ctivity 🛃	S	itatement		Date: 28	072024 (2081-Shrawan-13) 14:45:37.9	25 💼 🖉	
ACCESS MANAGEMENT	-					Account §	State	ement for busin	iess c	date 29072024 (2081-SI	nrawan-	14)			
				Dr Amoun	nt				(Cr Amount	Transaction Details				
	Balance Type	Dr	Units	Face A	mount	Curr	Cr	Units		Face Amount	Curr	Reference	Account Number	Operation Code	
Instructions	Securities Acc	count:	ADBLXXX0000	000000000002	Account T	pe:Own	Sta	atus: Active	ISI	N: NPCB06002083 St	atus: Ac	tive Instrument: CS	B 6 Years		
Trading Ceiling Account	Opening balance							0		0.00	NPR				
Activity									Avail	able				_	
Statement Gridlock	Opening balance							0		0.00	NPR				
INSTRUCTIONS ORIGINATOR	Transactions	T													
AUCTIONS							1	80		80,000.00	NPR	20240728T0000007	MBLNXXX0000000000000002	Free of	
FINANCIAL INSTRUMENTS														Payment	
BILLING	Total						1	<u>80</u>		80.000.00	NPR				
	Current							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.

	۹	INSTRUCTIONS ORIGINATOR		🖍 FoP 📝 DVP		Date: 28072024 (2081-Shrawan-13) 14:57:35.284
ACCESS MANAGEMENT				Free o	f Payment	
MAINTENANCE		Sub Type *	Transfer of Portfolio 👻	n/Out Indicator *	RECEIVER DELIVERER BOTH	
TAKEHOLDERS		Party Reference *	portfolio transfer			
TTLEMENT	_	Trade Date *	29072024			
List		Intended Settlement Date *	29072024			
Enter FoP DvP		Processing Mechanism*	Individual Linked + Add	Financial Instrument		
Approve		Financial Instrument Ir	formation —			
JCTIONS		ISIN*	NPCB06002083	Ê		
NANCIAL		Face Amount *	10,000.00			
LLING		Delivering Account *	MBLNXXX0000000000000000000000000000000000			
EPORTS		Receiving Account *	MBLNXXX00000000000000004 MBLNXXX000000000000000000	- Roshan Budhathoki		

[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: MBLNXXX00000000003 (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: MBLNXXX000000000003]
- 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:

<u>Steps</u>

	Ram Side (Seller and client of MBL)							
a.	Ram login Investor Portal.							
b.	Enter the instruction							
b. c. d. е. f.	Enter the instruction I will be a 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

	DashBoard	Deliveror Receiver	
	🗗 Bid	Free Of Payment Delivery Versus Payment	
	View Bid	Darth Beforence*	
	1 Upload Documents	ruiy kelelelue	
	& View Profile	Trade Date*	
	Orporate Action		
	Enter Instruction	Intended Settlement Date*	
	View Instruction		
		Delivering Account*	
		MBLNXXXX000000000003-Rajendra Regmi v	
		Receiving Account*	
		ISIN*	
		NPDB10002082 *	
		Face Amount*	
	ps://investor.doms.gov.np/viewPortfolio	Submit	
c Shyam click	s on Receiv	ver and F_{OP} (As Ruver)	

- 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

Government of Nepal Ministry of Finance Public Debt Manager	nent Offi	ce						Roshar	n Buda	
📇 DashBoard	ISI	N	Find by ISIN							
🗗 Bid	Se	arch Res	et							
♥ View Bid										
Upload Documents										
View Profile									Excel	PDF
Corporate Action	Sr. No	Client Name	Operation Type	Face Amount	Cash Amount	Trade Date	Settlement Date	Status		
Enter Instruction View Instruction	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

DashBoard	Client Instructions	
ピ Bid	Operation Type	DeliveryVersusPayment
View Bid	Client Role	Deliverer
Dipload Documents	Instructing Party Name	Roshan Buda
& View Profile	Opposite Party Name	Roshan buda
Corporate Action	Party Reference	roshan
Enter Instruction	Trade Date	2024-07-25
View Instruction	Intended Settlement Date	2024-07-25
1	ISIN	NPC806002082
	Face Amount	10,000,00
	Settled Face Amount	0.00
	Cash Amount	10,000.00
	Settled Cash Amount	0.00
	Delivering Account	MBLNXXX0000000000000005
	Receiving Account	ADBLXXX00000000000008
	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	ра	21
ख	Kha	02	দ	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
স	yna	10	হা	sha	30
5	Та	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	হা	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

 $2082 \ '\pi' = NPDB05032082$

NP: Nepal

DB: Development Bond

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

03: "π" 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 'ग' = NPCB05032082

NP: Nepal

CB: citizen Bond

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

03: "η" 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 ' π ']