

Retail Direct Scheme: RBI notifies market making plan to promote retail participation in G-Secs

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Synopsis

The scheme was launched in November 2021 to provide one-stop access to facilitate investment in government securities by retail investors



Under the scheme, primary dealers will rely on KYC verification of the RDG account holders

Mumbai: The [Reserve Bank of India](#) (RBI) on Tuesday notified the market making scheme to promote retail participation in government securities by providing prices/quotes to retail direct gilt (RDG) account holders enabling them to buy and sell securities under the [RBI Retail Direct Scheme](#).

Prime Minister Narendra [Modi](#) had launched the [RBI](#) Retail Direct Scheme launched on November 12, 2021, to provide one-stop access to facilitate investment in government securities by retail investors.

In this connection, to provide liquidity in the secondary market, a market making arrangement, wherein the primary dealers shall be present on the NDS-OM platform (odd-lot and Request for Quotes segments) throughout market hours and respond to buy/sell requests from [Retail Direct Gilt Account Holders](#) (RDGAHs) has been notified.

According to the market making scheme, primary dealers will rely on the Know Your Customer (KYC) verification of the RDG account holders done under the retail direct scheme.

"No further KYC verification is required for transacting with RDG account holders on the RFQ segment of NDS-OM," the RBI said.

'NDS-OM', or Negotiated Dealing Segment- Order Matching, refers to the RBI's screen-based, anonymous electronic order matching system for trading in government securities in the secondary market.

The 'Request for Quotes (RFQ) segment' refers to the on-screen negotiation

system of the RBI's NDS-OM system.

Under the RBI Retail Direct Scheme, retail investors (individuals) have the facility to open an online Retail Direct Gilt Account (RDG Account) with RBI. These accounts can be linked to their savings bank accounts.

The RDG Accounts of individuals can be used to participate in the issuance of government securities and secondary market operations through the screen-based NDS-OM.

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