

1. Investors pledge short-term bills from its proprietary position to other investors or clearing banks

The clearing bank of pledger sends a pledge instruction to TDCC. TDCC then transfers the bills to clearing bank of pledgee and makes the pledge footnote on the clearing bank of pledger' s account bills position.

2. Investors pledge short-term bills to bill dealers

Bill dealers send a pledge instruction to TDCC. TDCC then transfers bills from the investor' s proprietary position or reverse repo position in the clearing bank to investor' s settlement position, and notifies clearing bank to confirm the settlement. After receiving settlement confirmation from the clearing bank, TDCC then transfers bills from investor' s settlement position in the clearing bank to the pledge holding position of pledgee dealer and record the number of pledged bills in investor' s pledged position.

3. Bill dealers pledge short-term bills to other bill dealers

Pledger and pledgee bill dealers send pledge instructions to TDCC. After checking the instructions, TDCC then transfer bills from pledger bill dealer' s proprietary position into the pledge holding position of pledgee bill dealer, and record the number of pledged bills in pledger bill dealer' s pledged position.

4. Investors purchase OP short-term bills together with pledge from the same bill dealer

The bill dealer send an instruction of investor' s purchase and pledge, and notify clearing banks to confirm settlement. When dealer completed payment notification and transfer the bills.