

MONEY MARKET INSTRUMENTS

DURATION BASED CLASSIFICATIONS

1 CALL MONEY

- Maturity extends to over night

2 NOTICE MONET

- Maturity in between 2 to 14 days.

3 TERM MONEY

- Maturity ranges between fortnight to one year

4 COMMERCIAL PAPERS

- Maturities ranges between 7 days and up to one year from the date of issue.
- Further, the maturity date of the CP shall not go beyond the date up to which the credit rating of the issuer is valid.

5 NON-CONVERTIBLE DEBENTURES

- Maturities of above 90 days from the date of issue.
- Option (put/call) exercise shall not be within 90 days from the date of issue.
- Validity period of NCD's should not exceed that of the credit rating of the instrument.

MONEY MARKET MUTUAL FUNDS 6

- Maturity lasts up to one year.
- Liquid money market mutual funds can range in between one months to three months as well.

REPO & REVERSE REPO 7

- Maturity ranges from overnight, term, open and can be flexible as well.
- Overnight repos lasts only one day. If the period is fixed, it is a term repo. Here either party can call for the repo to be terminated with one or two days' notice.
- In an open repo, no such fixed maturity. Lender provides money for an indefinite period. You can terminate agreement on any day.
- In flexible repos lenders places funds, and you can withdraw as per your requirements over an agreed period..

CERTIFICATES OF DEPOSIT 8

- Maturity ranges between 7 days and one year from the date of issue.
- Financial institutions can issue if for period ranging between 1 year and 3 years from the date of issue.