

Trade Receivables Discounting System (TReDS)

Trade Receivables Discounting System (TReDS) is an initiative of Reserve Bank of India (RBI) to facilitate MSME receivable payments from Corporates. The main objective of the TReDS platform is to address the critical needs of MSMEs.

TReDS platform enables discounting of Invoices/Bills of Exchange of MSME sellers drawn on large Corporates, including Government departments and Public Sector Undertakings, through an auction mechanism to ensure prompt realization of trade receivables at competitive market rates.

TReDS is the first attempt in India to introduce factoring without recourse to the seller and will help MSME sellers, not only in quick realization of receivables but also efficient price discovery.

The three parties involved in TReDS platform are MSMEs known as Sellers, Corporates, who are Buyers of goods/services from MSMEs and Financiers who are discounting the trade Bills.

PARTY 1	PARTY 2	PARTY 3
MSME SUPPLIERS	BUYERS	FINANCIERS
SUPPLYING GOODS OR SERVICES	CORPORATES, GOVERNMENT DEPARTMENTS PSUs & OTHERS	BANKS/NBFC FACTORS

'Factoring Unit' is a nomenclature used in TReDS for an invoice or a bill on the system. Factoring Unit may be created either by MSME (Seller) or Buyer (Corporate, Govt.Dept. and PSUs). Other party other than who is creating Factoring Unit has to approve it, before the Financing Bank comes for bidding.

Financiers can bid in the auction of Factoring Unit for those Buyers where they defined limits on the TReDS platform. The Bid rate is the rate that the Financier is willing to offer for factoring/ financing the Factoring Unit. On accepting the Bid by the cost bearer transaction will happen. Settlement will happen within maximum of T+2 Working days.

It is helpful to all the parties and benefits are automated transparent platform, paperless workflow. Apart from this individually sellers and buyers are having inherent advantages such as competitive price, negotiation for better terms, reliability etc.

On-boarding of Buyers and Sellers on TReDS platform requires KYC compliance.

For online discounting of trade receivables, Canara Bank has onboarded as Financier on TReDS platforms of:

- 1. M/S.RECEIVABLES EXCHANGE OF INDIA LTD (RXIL)**
- 2. M/S.ATReDS LTD.(INVOICEMART)**
- 3. M/S.MYND SOLUTIONS (M1XCHANGE)**

1. M/S.RECEIVABLES EXCHANGE OF INDIA LTD (RXIL)

M/s.RXIL is a joint venture unit promoted by SIDBI and NSE. SIDBI is the apex financial institution for promotion and financing of MSMEs and National Stock Exchange of India(NSE), the premier stock exchange. M/s.RXIL is also backed by SBI, SBI Capital Markets Ltd. (SBICAP), ICICI Bank, ICICI Securities and Yes Bank as Share holders in the Company. M/s.RXIL had launched India's first TReDS Exchange and commenced its operations from 09.01.2017.

2. M/S.ATReDS LTD.(INVOICEMART)

A.TReDS Ltd. is a joint venture between Axis Bank and mJunction services (a JV of TATA Steel and SAIL), is an entity approved by the RBI to operate its TReDS platform. The platform created by A.TReDS is named "**Invoicemart**". The platform facilitates financing through an e-auction process which connects MSME suppliers (sellers) and their corporate buyers to multiple financiers.

3. M/S.MYND SOLUTIONS (M1XCHANGE)

M/s. Mynd solutions, established in 2002, has been one of India's leading outsourcing and consulting companies, invested by SIDBI VC Fund and approved by the RBI to operate its TReDS platform. The platform created by Mynd Solutions is named "**M1xchange**". The platform facilitates financing through an e-auction process which connects MSME suppliers (sellers) and their corporate buyers to multiple financiers.

Bank is at present having two TReDS Cells, one at **Mid Corporate Branch, BKC, Mumbai** and another at **Industrial Finance Branch, Bangalore** to exclusively take care of online discounting of trade receivables on the above mentioned TReDS platforms.

Conditions apply. The information provided above is only illustrative and not exhaustive.

Contact: For more details, please contact your nearest: Canara Bank Branch or E-mail to: hosbu@canarabank.com