



SEBI Issues Circular for Mode of Settlement for Traders Executed on the RFQ Platform

On 09th January 2023, the Securities and Exchange Board of India issued a Circular bearing the subject "Mode of settlement for trades executed on the Request for Quote (RFQ) platform".

This particular circular was issued in reference to circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/142 issued on 19th October 2022 (Request for Quote (RFQ) platform for trade execution and settlement of trades in listed Non-convertible Securities, Securitised Debt Instruments, Municipal Debt Securities and Commercial Paper), where permitted stock brokers registered under the debt segment of the Stock Exchanges (s) to place/ seek bids on the RFQ platform on behalf of the client(s), in addition to the existing option of placing bids in a proprietary capacity.

This particular circular was issued further in reference to circular no. SEBI/HO/DDHS/P/CIR/2022/00144 issued on 28th October 2022 (Reduction in denomination for debt securities and non-convertible redeemable preference shares), which inter-alia modified the face value of the listed debt security, and non-convertible redeemable preference share issued a private placement basis traded on a stock exchange or OTC basis from INR 10 Lakhs to INR 1 Lakh.

This particular circular was even further issued in reference to circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 issued on 14th November 2022 (Registration and regulatory framework for Online Bond Platform Providers) which inter alia stipulated that all the orders with respect to listed debt securities placed on an online Bond Platform shall be mandatorily routed through the RFQ platform of the recognised Stock Exchange(s) and settled through the respective Clearing Corporations.

In the current scenario, the Stock Exchanges are utilising Real-Time Gross Settlement (RTGS) channel as a mode of settlement for traders executed on the RFQ platform with respect to listed corporate bonds, commercial paper, and securised debt instruments. Stock Exchanges and market participants have sought clarification as to whether payment mechanisms other than RTGS provided by banks/payment aggregators can be permitted for the settlement of trades executed on the RFQ platform.

SEBI has now clarified that, in addition to the existing payment mechanisms, payment mechanisms provided by banks/payment aggregators authorised by the Reserve Bank of India (RBI), from time to time, can be utilised for the settlement of trades executed on the RFQ platform.

The Stock Exchanges and Clearing Corporations are directed to -

Put in place the necessary infrastructure for this purpose

Bring the provisions of this circular to the notice of the Stock Brokers and also disseminate the same on their websites

Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above directions in coordination with one another to achieve uniformity in approach and communicate to SEBI

This particular circular is deemed to be effective immediately. This circular was issued through the exercise of powers as conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to be read with Regulation 55 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, Regulation 29 of the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 and Regulation 48 of the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, in order to protect the interest of investors in securities and to promote the development and for regulation over the securities market.

Official Notification attached [here](#)



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