Deputy General Manager
Investment Management Department
Division of Funds - I

**SEBI/IMD/DOF-1/BOND/Cir-4/2009**
**October 16, 2009**

Superseded by Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

**To:**
**All Mutual Funds, Asset Management Companies (AMCs),**
**All Foreign Institutional Investors/ sub-accounts (through custodians),**
**All Venture Capital Funds and Foreign Venture Capital Investors**
**All Portfolio Mangers, and**
**All Stock Exchanges**

Dear Sirs,

**Sub: Clearing and Settlement of trades in Corporate Bonds through Clearing Corporations**

**1.** SEBI vide circulars numbers SEBI/ CFD/DIL/BOND/1/2006/12/12 dated December 12, 2006, SEBI/CBM/ BOND/1/2007/02/03 dated March 01, 2007 and letter dated July 27, 2007 to FIMMDA authorized BSE, NSE and FIMMDA to set up and maintain reporting platforms to capture information related to trading in corporate bonds. Subsequently, SEBI vide circular No.SEBI/CBM/BOND/2/ 2007/13/ 04 dated April 13, 2007 authorized BSE and NSE to set up and maintain trading platforms for Corporate Bonds.

**2.** It has now been decided that, all trades in corporate bonds between specified entities, namely, mutual funds, foreign institutional investors/ sub-accounts, venture capital funds, foreign venture capital investors, portfolio mangers, and RBI regulated entities as specified by RBI shall necessarily be cleared and settled through the National Securities Clearing Corporation Limited (NSCCL) or the Indian Clearing Corporation Limited (ICCL).

**3.** The provisions of this circular shall be applicable to all corporate bonds traded Over The Counter (OTC) or on the debt segment of Stock Exchanges on or after December 01, 2009. However, the provisions of this circular shall not be applicable to trades in corporate bonds that are traded on the Capital Market segment/ Equity Segment of the Stock Exchanges and are required to be settled through clearing corporations/ clearing houses of Stock Exchanges.

**4.** All other terms of the past circulars, viz., No. SEBI/ CFD/DIL/BOND/1/2006/12 /12 dated December 12, 2006 and No. SEBI/CBM/ BOND/1/2007/02/03 dated March 01, 2007 and SEBI/IMD/DOF-1/BOND/Cir-3/2009 dated July 31, 2009 remain unchanged. While clause IV(7) of SEBI Circular No.SEBI/CBM/BOND/2/2007 /13/04 dated April 13, 2007 which allows bilateral clearing and settlement stands modified accordingly, with effect from December 01, 2009, all other terms of the said circular remain unchanged.

**5.** All transactions cleared and settled in terms of this circular will be subject to such norms as may be specified by NSCCL and ICCL.

**6.** NSE and BSE are directed to:

(a) Make amendments to the listing agreement, bye- laws, rules and regulations for the implementation of the above decision with effect from December 01, 2009, as may be applicable and necessary.

(b) Make necessary arrangements for smooth implementation of this circular.

**7.** All specified entities are advised to make necessary preparations for implementation of the provisions of this circular.

**8.** All stock exchanges are advised to bring to the notice of all their members and to disseminate the same on their respective websites for easy access to investors.

**9.** This circular is issued in exercise of powers conferred by sub-section (1) of section 11 and section 11A of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

**10.** This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Corp Debt Market”.

Yours faithfully,

**Maninder Cheema**

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