



**CIRCULAR**

SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/678

December 09, 2021

To,

**All Portfolio Managers,**

Sir / Madam

**Subject: Transaction in Corporate Bonds through Request for Quote platform by Portfolio Management Services (PMS)**

1. In order to enhance transparency pertaining to debt investments by Portfolio Management Services (PMS) in Corporate Bonds (CBs) and to increase liquidity on exchange platform, it is decided as under:
  - i. On a monthly basis, PMS shall undertake at least 10% of their total secondary market trades by value in CBs in that month by placing/seeking quotes through one-to-one (OTO) or one-to-many (OTM) mode on the Request for Quote platform of stock exchanges (RFQ).
  - ii. In order to ensure compliance with the abovementioned 10 percent requirement, PMS shall consider the trades executed by value through OTO or OTM mode of RFQ with respect to the total secondary market trades in CBs, during the current month and immediate preceding two months on a rolling basis.
  - iii. All transactions in CBs wherein PMS is on both sides of the trade shall be executed through RFQ in OTO mode. However, any transaction entered by PMS in CBs in OTM mode which gets executed with another PMS, shall be counted in OTM mode.
  - iv. PMS are permitted to accept the Contract Note from the stock brokers for transactions carried out in OTO and OTM modes of RFQ.
2. The above shall come into force with effect from April 1, 2022. Accordingly, from the month of April 2022, PMS shall ensure that at least 10% (by value) of their secondary market trades in CBs in current month and immediate preceding two months (i.e. February 2022, March 2022 and April 2022) are executed by placing / seeking quotes through OTO or OTM mode of RFQ. Further, for the month of May 2022, the secondary market trades executed in CBs in the months of March 2022, April 2022 and May 2022 shall be considered for the purpose of aforesaid calculation.



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

3. This circular is issued in exercise of powers conferred under Section 11(1) 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.
4. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for - Portfolio Managers".

Yours faithfully,

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