



**CIRCULAR**

**SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/641**

**October 6, 2021**

**All Mutual Funds/**

**Asset Management Companies (AMCs)/**

**Trustee Companies/Boards of Trustees of Mutual Funds/**

**Association of Mutual Funds in India (AMFI)**

Sir/ Madam,

**Subject: Minimum percentage of trades carried out by mutual funds through  
RFQ platform**

1. SEBI, vide circular SEBI/HO/IMD/DF3/CIR/P/2020/130 dated July 22, 2020, has mandated mutual funds to undertake at least 10% of their total secondary market trades in Corporate Bonds through RFQ platform of stock exchanges.
2. Based on the recommendations of Mutual Fund Advisory Committee (MFAC), in order to further increase the liquidity on exchange platforms, para 1(A)(i) of the aforementioned SEBI circular is modified as under:
  - a. On monthly basis, Mutual Funds shall undertake minimum 25% of their total secondary market trades by value (excluding Inter Scheme Transfer trades) in Corporate Bonds by placing/seeking quotes through one-to-many mode on the Request for Quote (RFQ) platform of stock exchanges and
  - b. On monthly basis, Mutual Funds shall now undertake minimum 10% of their total secondary market trades by value (excluding Inter Scheme Transfer trades) in Commercial Papers by placing/seeking quotes through one-to-many mode on the Request for Quote (RFQ) platform of stock exchanges.



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

The percentages as specified above shall be reckoned on the average of secondary trades by value in immediate preceding three months on rolling basis.

3. All other conditions specified in the above mentioned circular remain unchanged.
4. Mutual Funds are permitted to accept the Contract Note from the brokers for transactions carried out in One to One (OTO) and One to Many (OTM) modes of RFQ platform.

**Applicability of the circular**

5. This circular shall come into force with effect from December 1, 2021.
6. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Bithin Mahanta**  
**General Manager**

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