



CIRCULAR

SEBI/HO/AFD/PoD/P/CIR/2023/017

February 01, 2023

**To,
All Alternative Investment Funds**

Sir/Madam,

Sub: Transaction in Corporate Bonds through Request for Quote (RFQ) platform by Alternative Investment Funds (AIFs)

1. To increase the liquidity on RFQ platform of stock exchanges and to enhance the transparency and disclosure pertaining to trading in secondary market in Corporate Bonds, SEBI has, in past, prescribed stipulations for transactions on RFQ platform by Mutual Funds¹, Portfolio Management Services² and Stock Brokers³.
2. Considering the above and taking into account the recommendations of the Alternative Investment Policy Advisory Committee (AIPAC), it is stipulated that AIFs shall undertake at least 10% of their total secondary market trades in Corporate Bonds by value in a month by placing/seeking quotes on the RFQ platform.
3. Further, in terms of SEBI Circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/142 dated October 19, 2022, quotes on RFQ platform can be placed to an identified counterparty (i.e. 'one-to-one' mode) or to all the participants (i.e. 'one-to-many' mode). In this regard, it is clarified that all transactions in Corporate Bonds wherein AIF(s) is on both sides of the trade shall be executed through RFQ platform in 'one-to-one' mode. However, any transaction entered by an AIF in Corporate Bonds in 'one-to-many' mode which gets executed with another AIF, shall be counted in 'one-to-many' mode and not in 'one-to-one' mode.
4. The aforesaid requirement shall come into force with effect from April 01, 2023.
5. This circular is issued with the approval of the competent authority.
6. 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.

¹ Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/130 dated July 22, 2020 and Circular no. SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/641 dated October 06, 2021

² Circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/678 dated December 09, 2021

³ Circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/142 dated October 19, 2022



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

7. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

Yours faithfully,

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