



REF: IRDAI/F&I/CIR/INV/246/09/2020

Date: 25th Sep, 2020

CIRCULAR

Implementing RFQ platform for Investments in Corporate Bonds / Commercial Papers

1. With a view to enhance and coalescing the fragmented liquidity in Corporate Bonds, SEBI has implemented Request for Quote (RFQ) Platform through Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The RFQ platform seeks to replicate the OTC market albeit on an electronic platform in a move to bring more transparency, centralization in protecting investor interest apart from having enough liquidity in Secondary Market.
2. To achieve the above, SEBI, vide Circular: SEBI/HO/IMD/DF3/CIR/P/2020/130 Dated 22nd July, 2020 has mandated all Mutual Funds (MFs) to undertake 10% of their total Secondary Market trades of Corporates Bonds through RFQ to start with. As this is likely to bring transparency and liquidity in the Corporate Bond segment, the Authority, in consultation with the Life and General Insurance Councils directs all Insurers as follows:
 - a. On monthly basis, the Insurers shall undertake at least 10% of their total Secondary Market trades in the Corporate Bonds in Value place / seek Quotes through one-to-many mode on RFQ platform available on BSE/NSE. The 10% limit shall be reckoned on the average of Secondary Market Trades by Value, in the immediately preceding 3 months on rolling basis.
 - b. Concurrent Auditor of the Insurer in his Quarterly Audit Report shall confirm that the Insurer has complied with the directions of this Circular.
3. The above procedure will be followed by all Insurers with effect from 1st Nov, 2020.

[SN Jayasimhan]
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