

Securities Exchange board of India vide circular dated April 13, 2023, has issued Contribution by eligible Issuers of debt securities to the Settlement Guarantee Fund of the Limited Purpose Clearing Corporation for repo transactions in debt securities

- SEBI vide circular dated April 13, 2023, has issued Contribution by eligible Issuers of debt securities to the Settlement Guarantee Fund of the Limited Purpose Clearing Corporation for repo transactions in debt securities.
- A well-functioning repo market contributes to the development of the debt securities market, inter alia, by way of boosting the liquidity of the underlying debt securities and providing a facility to market participants to monetize their debt holdings without selling the underlying, thus meeting their temporary need for funds. The development of an active repo market in debt securities may also be beneficial to the Issuers as the enhanced liquidity may positively impact the yield, thereby resulting in reduced costs of raising funds to the issuers in the primary market.
- A framework for upfront collection of amounts as charges from eligible issuers at the time of allotment of debt securities.
- The provisions of this circular shall come into force for the offer documents filed on or after May 01, 2023, for private placement/ public issues of debt securities by such eligible issuers as specified by the LPCC.

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