



Review of Securities Lending and Borrowing Framework

The Securities and Exchange Board of India (SEBI) *vide* Circular no. CIR/MRD/DP/122 /2017, dated 17 November 2017 has revised the Securities Lending and Borrowing (SLB) Framework based on the feedback received from the market participants.

The key framework for SLB is now modified as under:

- Tenure of the Contract - Approved Intermediaries (AIs) can introduce contracts of different tenures ranging from 1 day to 12 months based on the need of the market participants.
- Position Limit in SLB - No clearing member shall have open position of more than 10% of the market-wide position limit.
- Treatment of Corporate Actions during SLB - The contracts now would be foreclosed on the Ex-date for corporate actions such as bonus/ merger/ amalgamation / open offer, etc.
- AIs shall provide the following facilities to the market participants:
 - a. Contracts which shall continue to be mandatorily foreclosed in the event of AGM/EGM.
 - b. Contracts which shall not be foreclosed in the event of AGM/EGM
- Rollover Facility – The rollovers shall not exceed 12 months from the date of the original contract. Also, multiple rollovers of a contract by the lender or borrower is permitted.

Pursuant to the applicability of this Circular, the SEBI circular CIR/MRD/DP/33/2010 dated October 07, 2010 shall stand withdrawn. The other conditions / provisions specified in aforesaid circulars, shall continue to be applicable. For your easy reference, we have tabulated the changes suggested in the SEBI circular dated 17 November 2017 *vis-à-vis* the earlier circular in the attachment pdf document.

The circular dated 17 November 2017 shall come into force with effect from 1 January 2018.

Source: <http://www.sebi.gov.in>

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