



CIRCULAR

SEBI/HO/MRD2/DCAP/CIR/P/2019/145

November 28, 2019

All Recognized Clearing Corporations including those in International Financial Services Centre (IFSC)

Madam/Sir,

Subject – Investment Policy of Clearing Corporations

1. SEBI vide circular SEBI/HO/MRD/DRMNP/CIR/P/2016/54 dated May 04, 2016 on "Investment Policy, Liquid Assets for the purpose of Calculation of Net Worth of a Clearing Corporation and Transfer of Profits" *inter alia* permitted the Clearing Corporations to make investments in Fixed Deposits with Banks (only those banks which have a net worth of more than INR 500cr. and are rated A1 (or A1+) or equivalent), Central Government Securities and Liquid schemes of debt mutual funds (subject to a limit of ten percent of the total investible resources held by the Clearing Corporation, at any point in time).
2. Upon a review of investment avenues available for Clearing Corporations and based on the feedback received, it has been decided to permit the Clearing Corporations to make investments in Overnight Funds; however, the combined investments made by Clearing Corporations in Liquid Funds and Overnight Funds shall not exceed a limit of ten percent of the total investible resources. Further, the investments in Overnight Funds shall also be considered as 'Liquid Assets', for the purpose of calculation of Net worth of a Clearing Corporation.
3. The provisions of this circular shall come into force with immediate effect.
4. This circular is being 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.
5. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars".

Yours faithfully,

Amit Tandon
General Manager
Market Regulation Department
E-mail: amitt@sebi.gov.in