



भारतीय प्रतिभूति और विनियम बोर्ड

Securities and Exchange Board of India

**CIRCULAR**

CIR/MRD/DP/ 30 /2012

November 22, 2012

To

All Stock Exchanges and Depositories

Dear Sir / Madam,

**Sub: Review of the Securities Lending and Borrowing (SLB) Framework**

1. The framework for SLB was specified vide circular no. MRD/DoP/SE/Dep/Cir-14 /2007 dated December 20, 2007 and operationalised with effect from April 21, 2008. The SLB framework was revised vide circular no. MRD/DoP/SE/Cir- 31/2008 dated October 31, 2008, circular no. MRD/DoP/SE/Dep/Cir- 01 /2010 dated January 06, 2010 and circular no. CIR/MRD/DP/33/2010 dated October 07, 2010. The framework for SLB is hereby modified as under:

**1.1. Introduction of roll-over facility**

- 1.1.1. Any lender or borrower who wishes to extend an existing lent or borrow position shall be permitted to roll-over such positions i.e. a lender who is due to receive securities in the pay out of an SLB session, may extend the period of lending. Similarly, a borrower who has to return borrowed securities in the pay-in of an SLB session, may, through the same SLB session, extend the period of borrowing. The roll-over shall be conducted as part of the SLB session.
- 1.1.2. Rollover shall not permit netting of counter positions, i.e. netting between the 'borrowed' and 'lent' positions of a client.
- 1.1.3. Roll-over shall be available for a period of 3 months i.e. the original contract plus 2 rollover contracts.

**1.2. Introduction of liquid Index Exchange Traded Funds (ETFs) under the SLB scheme**

- 1.2.1. Liquid Index ETFs shall be eligible for trading in the SLB segment.
- 1.2.2. For the purposes of this circular, an Index ETF shall be deemed 'liquid' provided the Index ETF has traded on at least 80% of the days over the past 6 months and its impact cost over the past 6 months is less than or equal to 1%.



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- 1.2.3. Positions limits for SLB in respect of ETFs shall be based on the assets under management of the respective ETF.
2. Stock Exchanges and Depositories are advised to:
  - 2.1. Take necessary steps and put in place necessary systems for implementation of the above.
  - 2.2. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
  - 2.3. Bring the provisions of this circular to the notice of the member brokers of the stock exchange and depository participants to disseminate the same on their website.
3. 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.

Yours faithfully,

**Maninder Cheema**  
**Deputy General Manager**  
Email: [maninderc@sebi.gov.in](mailto:maninderc@sebi.gov.in)