

National Stock Exchange gets Sebi nod for debt trading segment

The National Stock Exchange (NSE) today said it has received approval from market regulator Sebi to set up a separate debt trading platform.

The platform would bring much more transparency and credibility to the way debt securities are traded and is expected to attract more investors to this segment.

The leading bourse has already mock sessions for the separate debt trading segment to familiarise market participants.

"Exchange has received approval from Securities and Exchange Board of India (Sebi) for setting up and operating debt segment," NSE said in a circular.

The date of commencement of live trading in the segment shall be communicated separately, it said.

There would be separate order books for retail and institutional investors.

The platform would also help in enabling all kinds of debt securities including corporate and wholesale debt under one roof.

According to the NSE, base price of the publicly issued debt security on the first day shall be the previous day's closing price for that security in the capital market segment.

"The base price of the publicly issued debt security on subsequent trading days shall be the daily closing price of the debt security in the debt segment," it said.

In the separate debt segment, banks, insurance companies, pension funds, provident funds and retail investors can become trading members of the bourse and trade in this market.

The move is part of overall efforts to develop the country's corporate debt market, which is at a nascent stage. Generally, debt securities are debentures, bonds, deposits, notes or commercial paper.

Sebi decided on having separate debt segment on the bourses during its board meeting in January.

As per guidelines issued by the market watchdog, the debt segment would provide separate trading, reporting, membership, clearing and settlement rules.

The debt segment has to list all the securities and debt instruments and has offer electronic, screen-based trading system.

As per Sebi, the trading facility for the bond market can make use of access methods such as internet and mobile trading. Further, the segment should have separate trading platforms for retail as well as institutional players.

(Zeenews)