

## **SEBI to auction FII debt limits on 20th of every month**

The stock market regulator SEBI has decided to auction debt limits for FIIs on the 20th of every month.

It would be held on the next working day in case 20th happens to be a holiday.

Auctions would be held if free limits greater than Rs1000 crore are available for any of the three categories — Government Securities (G-Sec), corporate bonds and long-term infrastructure corporate bonds.

### **TIME & SIZE**

Bidding would be held for two hours between 3:30 pm and 5:30 pm. Any single entity can bid (either on its own or on behalf of multiple entities) only for the higher of Rs 250 crore or a tenth of the free limit available.

However, the minimum bid size is Rs 1 crore and bids thereafter can be placed in multiples of one crore.

Bids have to be priced in basis points and a minimum flat fee of Rs 1,000 shall be levied for every successful bid to the extent of limits allocated.

Limits would be allocated on price time priority basis with maximum allocation being Rs10,000 crore of the investment limit.

FIIs have to utilise these limits within 90 days in case of corporate debt and long-term corporate infrastructure debt. The time period for utilising G-Sec limits is 45 days.

The auctions shall alternate between BSE and NSE and would start with the BSE on May 21.

SEBI directed that modalities of the auction platform including authentication and bidding through multiple bid process shall be according to exchange circulars

Custodians of FIIs have to remit auction fees to SEBI within three working days of the auction.

SEBI shall issue a notification of ensuing auction along with FII debt utilisation status published every month end.

*(The Hindu)*