

FAQs on Request for Quote-RFQ

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Background:

'Request for Quote' (RFQ) is a trade execution platform, launched in 2020 as per the guidance from regulator. This platform is a direct participation model where all participants trade in their own account. With recent SEBI's circular to permit participation through brokers from 01 Jan 2023, participants are now allowed to use the services of SEBI registered brokers of the NSE's debt segment for executing deals on their behalf on RFQ Platform. The Platform uses RFQ protocol where an initiator may request other participants for a quote in corporate bonds, securitized debt instruments, municipal debt securities, Government securities, State development loans, Treasury bills, Commercial papers and Certificates of deposit or any other security as specified by Exchange from time to time. The RFQ platform shall provide users a range of options to seek a quote and to respond to a quote, while keeping an audit trail of all the interactions i.e. quoted yield, mutually agreed price, deal terms etc.

NSE would manage the RFQ platform, setting terms & conditions to operate on the RFQ platform and specifying various parameters for dealing with related interactions amongst the participants. The RFQ platform would be hosted in the existing NSE Corporate Bond Reporting and Integrated Clearing & Settlement (CBRICS) environment.

FAQs:**1. What is NSE RFQ platform?**

NSE 'Request for Quote' (RFQ) is a trade execution platform, launched in 2020 as per the guidance from the regulator. This platform was a direct participation model where all participants trade in their own account until recent SEBI's circular to permit participation through brokers effective from 01 January 2023. Now participants are allowed to use the services of SEBI registered brokers of the NSE's debt segment for executing deals on their behalf on RFQ Platform.

2. What are the key features of the NSE RFQ Platform?

The key features of the NSE RFQ platform are as below:

- Web based platform – hosted on NSE CBRICS environment
- Quotes can be requested from specific group/entire market
- Identity can be kept anonymous/disclosed
- Limit setup at Entity, Counterparty, Portfolio, Issuer, Dealer, Single order level
- Yield & price calculation using cash flows from term sheet
- Automated CBRICS reporting and settlement

3. Who are the eligible Trading Members who can execute transactions on behalf of clients?

- SEBI stockbrokers registered under Debt Segment of NSE and registered as Online Bond Platform Providers
- Other SEBI stockbrokers registered under Debt Segment of NSE

4. Who are the eligible participants and their registration procedure?

Eligible Participants include all regulated entities, listed corporates, Institutional Investors as defined under SEBI ICDR Regulations, 2018. All India Financial Institutions and any other entity as allowed by Exchange from time to time will be eligible to participate on the

RFQ platform. These participants shall have RFQ Platform access directly and/or through Eligible Trading Members.

The procedure for existing registered participants of CBRICS platform to operate on the NSE RFQ platform is as follows:

- Using existing CBRICS log-in credentials from Admin user, accept the 'Terms and Conditions' of the platform through click wrap undertaking.

The procedure for New Participant to operate on the NSE RFQ platform is as follows:

- Complete the existing registration procedure of CBRICS.
- Using CBRICS log-in credentials from Admin user, accept the 'Terms and Conditions' of the platform through click wrap undertaking.

Other eligible Participants include the ones who are not covered above, including retail investors shall have RFQ Platform access only through Eligible Trading Members and need to contact Eligible Trading Members for registration and further execution of transaction on RFQ Platform.

5. Is NSE RFQ platform an automated order matching trading platform?

No. The participant, once satisfied with all deal parameters accepts the deal of their choice.

6. Can a participant request quotes from entire market?

Yes. Participants will have to select access as 'OTM' to request quotes from all participants who have an access to RFQ Platform. In order to request quote from selected Participants, select access as 'OTO'.

7. Is the option to select deal type as 'Brokered' or 'Direct' available to both OTM and OTO deals?

With effect from December 1, 2021, option to select deal type as 'Brokered' or 'Direct' is available for both OTM and OTO deals.

8. Do the participants have a choice of disclosing identity before initiating quote?

Yes, participants will have an option to keep identity anonymous or disclosed based on their choice.

9. Can other participants view the negotiations between two parties?

No, negotiations are strictly one to one, other market participants cannot view them.

10. What is the option available to a participant who doesn't want to negotiate and is firm on her yield/price and quantity?

Participant while initiating a quote, will have to choose negotiating condition as 'Fixed'. In this case, responder will have an option to 'accept' or 'ignore' the quote and no option to negotiate.

11. What is the minimum RFQ size permitted?

Size of RFQ should be in multiples of face value with minimum size to be accepted as Rs. 5 lakh or face value, whichever is higher.

12. Does NSE RFQ Platform have a built-in yield-price calculator?

Yes, for securities where cash flows are available.

13. Do the participants have to report deals separately on CBRICS after executing trades on NSE RFQ platform?

No, all deals in corporate bonds will be reported on CBRICS platform automatically. However, in case of CPs and CDs, participants have to follow the existing mechanism for reporting deals to F-TRAC platform.

14. What are the types of securities eligible on NSE RFQ Platform?

The list of eligible securities for RFQ Platform would include corporate bonds, securitized debt instruments, municipal debt securities, Government securities, State development loans, Treasury bills, Commercial papers and Certificates of deposit or any other security as specified by Exchange from time to time.

As per SEBI's circular (SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154), online bond platform providers can execute deals on behalf of clients in only listed debt securities including corporate bonds, securitized debt instruments and municipal debt securities

15. Is demat account mandatory to transact in G-sec, SDL, T-bills on NSE RFQ Platform?

Yes

16. What are the working hours for NSE RFQ platform?

The deals may take place on all days in line with the CBRICS holiday calendar. The G-sec, T-bills and SDLs will be available only with settlement mode of T+1. The typical working hours are as under:

Market Hours	Instruments	Business / Working Days
09:00 am to 05:00 pm for T+0, T+1 settlement	CP / CD	Monday to Friday
09:00 am to 04:00 pm for T+0 settlement	Bonds*	Monday to Friday
09:00 am to 05:00 pm for T+1 settlement	Bonds, G-sec, SDL and T-bills	Monday to Friday

**Bonds (as defined under SEBI – Issue and Listing of Non-Convertible Securities Regulations)*

Exchange may revise the market timings after providing prior notification to the market Participants.

17. What is the penal action in case of failure to settle the deal?

The penal actions are driven by the trade cancellation/modification policy available on the RFQ Platform. The penal actions include but are not limited to non-participation on the RFQ platform for 15 days. Any penal actions for non-participation on the RFQ Platform will be jointly coordinated among all operating RFQ Platforms in the market.