



बीमा विनियामक और विकास प्राधिकरण  
**INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY**

**CIRCULAR**

REF: IRDA/F&I/CIR/INV/162/07/2014

10 July, 2014

The CEOs of all insurers,

**SUB: Corporate Bond Market - Permission to Insurers for membership in SEBI approved Stock Exchanges for Proprietary trading**

SEBI vide circular no. CIR/MRD/DP/03/2013 dated 24 January, 2013 issued guidelines for providing dedicated debt segment on stock exchanges. The said circular provides for trading, clearing & settlement, risk management framework and creation of centralized repository for trades in debt instruments.

Securities and Exchange Board of India (SEBI) has amended SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992 on 05 April, 2013 & 27 September, 2013 for the purpose of introducing debt segment on stock exchanges and Proprietary Trading Member (PTM) category.

Ministry of Finance (MOF), Government of India has amended the Securities Contracts (Regulations) Rules, 1957 w.e.f 16 January, 2014 allowing all insurance companies to become member of SEBI approved stock exchanges.

Accordingly, Insurers are hereby allowed to become a proprietary trading member of a SEBI approved stock exchange for carrying out trades in the debt segment.

**In this regard, Insurers are required to adhere to following conditions:**

- 1) Insurer needs to ensure compliance of all Regulations and guidelines prescribed by SEBI and other regulatory agencies as amended from time to time in this regard.
- 2) Operations pertaining to Membership for Corporate Bond segment in SEBI approved Stock Exchanges for undertaking their proprietary trades should facilitate separate monitoring of such trading transactions by maintaining separate Bank and Demat accounts.

- 3) Insurers are required to note that any penalties arising out of such membership shall not be debited to Policyholder's account.
- 4) Concurrent auditor has to comment on non-compliance, if any, arising out of membership of stock exchange for proprietary trading in his quarterly audit report.
- 5) The decision to obtain Membership shall be taken by Board of Directors.

**The above guidelines are issued under the powers vested in Section 14 (2) of IRDA Act, 1999.**

  
  
**R K NAIR**  
**MEMBER (F & I)**