



**CIRCULAR**

**SEBI/HO/MRD/DSA/CIR/P/2021/623**

September 1, 2021

**All Recognised Stock Exchanges**

Dear Sir / Madam,

**Subject: Revised guidelines for Liquidity Enhancement Scheme in the Equity Cash and Equity Derivatives Segments**

1. SEBI vide circular CIR/MRD/DP/14/2014 dated April 23, 2014 permitted stock exchanges to introduce liquidity enhancement schemes in the equity cash and equity derivatives segments to enhance liquidity in illiquid securities.
2. Based on the experience of stock exchanges, it has been decided to modify clause 3.1 and 4.1 of said Circular as under:

“3.1 The Scheme shall have prior approval of the Governing Board of the Stock Exchange which will be valid for one year. The Governing Board of the Stock Exchange may give yearly approval till the time the scheme is in operation. Further, its implementation and outcome shall be monitored by the Governing Board at quarterly intervals.

4.1. The Stock Exchange shall introduce liquidity enhancement schemes on any security. Once the scheme is discontinued, the scheme can be re-introduced on the same security”.
3. The above will also be applicable to existing schemes. Other conditions prescribed in aforesaid SEBI Circular dated April 23, 2014 shall remain unchanged.
4. Stock exchanges are directed to:
  - 4.1. take necessary steps and put in place necessary systems for implementation of the above.
  - 4.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
  - 4.3. bring the provisions of this circular to the notice of the stock brokers/ trading members of the stock exchanges and also disseminate the same on its websites.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

5. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with Section 10 of Securities Contracts (Regulation) Act, 1956, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

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