



भारतीय प्रतिभूति और विनिमय बोर्ड Securities and Exchange Board of India

CIRCULAR

IMD/FPIC/CIR/P/2016/45
March 29, 2016

To
All Foreign Portfolio Investors
through their designated Custodians of Securities

The Depositories (NSDL and CDSL)

Sir / Madam,

Sub: Investments by FPIs in Government securities

1. RBI in its Fourth Bi-monthly Policy Statement for the year 2015-16, dated September 29, 2015 had announced a Medium Term Framework (MTF) for FPI limits in Government securities in consultation with the Government of India. Accordingly, SEBI had issued circular CIR/IMD/FPIC/8/2015 dated October 06, 2015 regarding the allocation and monitoring of FPI debt investment limits in Government securities.
2. As announced in the MTF and in partial modification to Para 3 of the SEBI circular CIR/IMD/FPIC/8/2015 dated October 06, 2015, it has been decided to enhance the limit for investment by FPIs in Government Securities, for the next half year, as follows:
 - a. Limit for FPIs in Central Government securities shall be enhanced to INR 140,000 cr on April 04, 2016 and INR 144,000 cr on July 05, 2016 respectively from the existing limit of INR 135,400 cr.
 - b. Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in Central Government securities shall be enhanced to INR 50,000 cr and INR 56,000 cr on April 04, 2016 and July 05, 2016 respectively from the existing limit of INR 44,100 cr.
 - c. The limit for investment by all FPIs in State Development Loans (SDL) shall be enhanced to INR 10,500 cr on April 04, 2016 and INR 14,000 cr on July 05, 2016 respectively from the existing limit of INR 7,000 cr.
3. Accordingly, the revised FPI debt limits would be as follows:



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Type of Instrument	Present Upper Cap (INR cr)	Revised Upper Cap with effect from April 04, 2016 (INR cr)	Revised Upper Cap with effect from July 05, 2016 (INR cr)
Government Debt	135,400	140,000	144,000
Government Debt – Long Term	44,100	50,000	56,000
State Development Loans	7,000	10,500	14,000
Total	186,500	200,500	214,000

- The free limit as on April 03, 2016 within the INR 135,400 cr limit along with the new debt limits of INR 4,600 cr shall be auctioned on the exchange platform on April 04, 2016. An Auction of Government debt limits worth INR 5,035 cr was conducted on the exchange platform on March 28, 2016. In accordance with Para 5(d) of SEBI circular CIR/IMD/FIIC/19/2014 dated October 09, 2014, FPIs have an utilisation period of 15 days within which they have to make the investments. Since the auction being conducted on April 04, 2016 is a special auction for allocation of additional limits, the unutilised limits from the auctions of March 28, 2016 and April 04, 2016 along with any additional limits freed up by the sale/redemption of securities by FPIs as on April 22, 2016, shall be auctioned on April 25, 2016. All other existing terms and conditions pertaining to FPI debt limit auctions shall continue to apply.
- The incremental limits of INR 5,900 cr and INR 6,000 cr for Long Term FPIs shall be available for investment on tap with effect from April 04, 2016 and July 05, 2016 respectively.
- The incremental limits of INR 3,500 cr each for investment by FPIs in SDLs shall be available for investment on tap with effect from April 04, 2016 and July 05, 2016 respectively.
- Further, keeping in view the extent of utilisation of the limits for Central Government securities by long term and other investors, it has been decided that from the next half-year onwards i.e. from October 01, 2016, any unutilised limit within the Government debt limit for Long Term FPIs, at the end of the half-year, shall be made available for investment as additional limit to all categories of FPIs for the subsequent half-year.
- All other existing terms and conditions, including the security-wise limits, investment of coupons being permitted outside the limits and investments being restricted to securities with a minimum residual maturity of three years, shall continue to apply.

This circular shall come into effect immediately. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.



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A copy of this circular is available at the web page "Circulars" on our website www.sebi.gov.in. Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

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