

**General Manager  
Division of Foreign Institutional Investors & Custodians  
INVESTMENT MANAGEMENT DEPARTMENT**

Cir No. IMD/FII & C/ 37/2009

February 06, 2009

To  
All Foreign Institutional Investors  
through their designated Custodians of Securities

Dear Madam/Sir

**Sub: Allocation methodology of debt investment limits to FIIs**

1. The Government of India has reviewed the External Commercial Borrowing policy and has increased the cumulative debt investment limit by USD 9 billion (from USD 6 billion to USD 15 billion) for FII investments in Corporate Debt.
2. It has been decided that USD 8 billion shall be allocated to the market participants in an open bidding platform
3. The bidding platform shall be provided by the stock exchanges.  
Duration of bidding
  - a. The bidding session shall be two hours.Access to platform
  - b. The existing trading members shall have access to the bidding platform. FIIs/sub-accounts shall provide the mandate to these trading members, who in turn shall bid for the limits.Amount of bid
  - c. The minimum amount which can be bid for is Rs 250 cr.
  - d. The minimum tick size shall be Rs 100 cr.Price of bid
  - e. Bid price shall be expressed in basis point.
  - f. A minimum flat fee of Rs 1000 per successful bid shall be levied for the allocated amount. Thus the amount payable by the successful bid shall be minimum flat fee of Rs 1000 or bid price which ever is higher.Allocation method
  - g. Successful bids shall be based on price and within that time priority.
  - h. No single entity shall be allocated more that Rs 10, 000 cr. of the investment limit
4. Time period for utilization of the limits allocated in this manner shall be 45 days
5. Allocation of limits upto Rs 249 cr. shall take place in the manner as specified in the circular dated January 31, 2008 i.e. on a first come first served basis for which requests shall be called for at a later date. Time period for utilization of the allocated debt limit in the first come first served shall be 11 working days from the date of the allocation.
6. The limits shall be translated into rupee terms at the RBI reference rate as on the date the bidding takes place.
7. To begin with the initial bidding platform shall be offered by The National Stock Exchange of India Ltd. (NSEIL). The next round of bidding shall be done on Bombay Stock Exchange Limited (BSE) and thereon by turns. The other modalities of the bidding platform shall be announced by the Exchanges.
8. A copy of this circular is available at the web page "F.I.I." on our website [www.sebi.gov.in](http://www.sebi.gov.in). The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

**Jeevan Sonparote**