



CIRCULAR

CIR/ IMD/ FII&C/ 15/ 2012

June 26, 2012

To

**All SEBI Registered Foreign Institutional Investors
through their designated Custodians of Securities**

Sir / Madam,

**Sub: FII Investment in Government debt long term and corporate debt long term
infra category**

1. The Reserve Bank of India (RBI), vide its circular dated June 25, 2012 has decided to enhance the existing limit for investment by SEBI registered Foreign Institutional Investors (FIIs) in Government debt by a further amount of USD 5 billion taking the overall limit for FII investment in Government debt from USD 15 billion to USD 20 billion. Accordingly, in partial amendment to para 1 of the SEBI circular CIR/IMD/FII&C/18/2010 dated November 26, 2010, the current limit of USD 5 billion for FII investment in Government securities with 5 year residual maturity shall be enhanced to USD 10 billion. Further, the residual maturity for the said USD 10 billion limit will stand reduced from aforesaid 5 years to 3 years.
2. Vide RBI circular dated June 25, 2012 it has been decided that the conditions for the limit of USD 22 billion for FII investment in corporate debt long term infra category, including the sub-limit of USD 5 billion with one year lock-in/residual maturity requirement and USD 10 billion for non resident investment in IDFs (which are all within the overall limit of USD 25 billion for investment in infrastructure corporate bonds) have been changed as under:
 - 2.1. The lock-in period for investments under this limit has been uniformly reduced to one year; and
 - 2.2. The residual maturity of the instrument at the time of first purchase by an FII/ eligible IDF investor would be at least fifteen months.
3. **Allocation of limits under Government Debt- Long Term category:**



Additional limit of USD 5 billion (INR 28,496 crore) as stated in para 1 above, shall be auctioned through electronic bidding process, in terms of SEBI circular IMD/FII&C/37/2009 dated February 06, 2009, subject to the modifications stated below:-

3.1. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/37/2009, no single entity shall be allocated more than INR 2,850 cr. of the investment limit. Where a single entity bids on behalf of multiple entities, in terms of para 7 of SEBI circular CIR/IMD/FIIC/18 /2010 dated November 26, 2010, then such bid would be limited to INR 2,850 cr. for every such single entity.

3.2. In partial amendment to clause 3 (c) and 3(d) of the aforesaid circular IMD/FII & C/37/2009, the minimum amount which can be bid for shall be INR 1 cr.

4. Allocation of limits under Corporate Debt- Long Term infra category:

In view of changes in lock-in and residual maturity as stated in para 2 above, it has been decided that limit of USD 7 billion (INR 31,387 crore – converted at prevailing exchange rates at the time when the limits were made available) shall be auctioned through electronic bidding process, in terms of SEBI circular IMD/FII&C/37/2009 dated February 06, 2009, subject to the modifications stated below:

4.1. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/37/2009, no single entity shall be allocated more than INR 3,138 cr. of the investment limit. Where a single entity bids on behalf of multiple entities, in terms of para 7 of SEBI circular CIR/IMD/FIIC/18 /2010 dated November 26, 2010, then such bid would be limited to INR 3,138 cr. for every such single entity.

4.2. In partial amendment to clause 3 (c) and 3(d) of the aforesaid circular IMD/FII & C/37/2009, the minimum amount which can be bid for shall be INR 1 cr.

5. It has been decided that additional limit for FIIs investments in Government debt long term category and corporate debt long term infra category (with one year lock-in and 15 months residual maturity), shall be allocated through special auction. The auction for this limit shall be done on the BSE from 15:30 hrs to 17:30 hrs, on Wednesday, July 04, 2012.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

This circular is issued in exercise of powers conferred under SEBI Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

A copy of this circular is available at the web page "F.I.I." on our website www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

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