



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

**CIR/IMD/FIIC/1/2015
February 03, 2015**

To
All Foreign Portfolio Investors
through their designated Custodians of Securities

The Depositories (NSDL and CDSL)

Sir / Madam,

Sub: Change in investment conditions / restrictions for FPI investments in Corporate Debt securities

1. Pursuant to the announcements made in the Sixth Bi-monthly Monetary Policy Statement, 2014-15 dated February 03, 2015 by the Reserve Bank of India (RBI), it has been decided as follows:
2. All future investments within the USD 51 bn Corporate Debt limit category, including the limits vacated when the current investment by an FPI runs off either through sale or redemption, shall be required to be made in corporate bonds with a minimum residual maturity of three years.
3. Furthermore, FPIs shall not be permitted to invest in liquid and money market mutual fund schemes.
4. There will, however, be no lock-in period and FPIs shall be free to sell the securities (including those that are presently held with less than three years residual maturity) to domestic investors.

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.

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,

S MADHUSUDHANAN
Deputy General Manager
Tel No.: 022-26449614
Email: smadhu@sebi.gov.in