



# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

## CIRCULAR

CIR/IMD/FPIC/8/2015  
October 06, 2015

**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 has announced a Medium Term Framework for FPI limits in Government securities in consultation with the Government of India.
2. It has been decided that the limits for FPI investment in debt securities shall henceforth be announced/fixed in rupee terms.
3. Further, it has been decided to enhance the limit for investment by FPIs in Government Securities as follows:
  - a. Limit for FPIs in Central Government securities would be increased to INR 129,900 cr and INR 135,400 cr on October 12, 2015 and January 01, 2016 respectively from the existing limit of INR 124,432 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 would be increased to INR 36,600 cr and INR 44,100 cr on October 12, 2015 and January 01, 2016 respectively from the existing limit of INR 29,137 cr.
  - c. There will be a separate additional limit for investment by all FPIs in State Development Loans (SDL). Debt limits of INR 3,500 cr each would be released on October 12, 2015 and January 01, 2016 respectively under this category.



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4. Accordingly, the revised FPI limits would be as follows:

Type of Instrument	Present Upper Cap (INR cr)	Revised Upper Cap with effect from October 12, 2015 (INR cr)	Revised Upper Cap with effect from January 01, 2016 (INR cr)
Government Debt	124,432	129,900	135,400
Government Debt – Long Term	29,137	36,600	44,100
State Development Loans	0	3,500	7,000
<b>Total</b>	<b>153,569</b>	<b>170,000</b>	<b>186,500</b>

5. With regard to FPI investments in Central Government securities, it has also been decided to prospectively put in place a security-wise limit of 20% of the amount outstanding under each Central Government security. Existing investments in the Central Government securities where aggregate FPI investment is over 20% may continue. However, fresh purchases by FPIs in these securities shall not be permitted till the corresponding security-wise investments fall below 20%.
6. The Central Government securities in which the aggregate FPI investment is more than 20% of the outstanding would be placed in a negative investment category in which fresh investments would not be permitted. This negative investment list as well as the aggregate security-wise holdings by FPIs at the end of every day will be made available by the depositories (NSDL and CDSL) on their websites. The security-wise limit shall be effective from October 12, 2015.
7. In partial modification to Para 2 of SEBI circular CIR/IMD/FIIC/19/2014 dated October 09, 2014, all future investments by Long Term FPIs, including the limits vacated when the current investment by a Long Term FPI runs off either through sale or redemption, shall be required to be made in Central Government securities having a minimum residual maturity of 3 years.
8. The stipulation on minimum residual maturity of three years shall also apply to SDLs.
9. The free limit as on October 09, 2015 within the INR 124,432 cr limit along with the new debt limits of INR 5,468 cr shall be auctioned on the exchange platform on October 12, 2015. All other existing terms and conditions pertaining to FPI debt limit auctions shall continue to apply.
10. The incremental limit of INR 7,463 cr for Long Term FPIs shall be available for investment on tap with effect from October 12, 2015.
11. The separate additional limit for SDLs shall also be available for investment on tap by FPIs with effect from October 12, 2015.



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12. Investment of coupons received by FPIs on their existing investments in Central Government securities as well as SDLs shall continue to be outside the applicable limits. The terms and conditions for investment of coupons specified vide SEBI circular CIR/IND/FIIC/2/2015 dated February 05, 2015 shall, mutatis mutandis, apply to SDLs.
13. The depositories (NSDL and CDSL) shall put in place the necessary systems for the daily reporting by the custodians of the FPIs and shall also disseminate on their websites the negative investment list, the aggregate security-wise holdings by FPIs and the coupon investment data along with the daily debt utilization data.

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](http://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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