



भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

CIRCULAR

IMD/FPIC/CIR/P/2017/74
July 04, 2017

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 circulars CIR/IMD/FPIC/8/2015 dated October 06, 2015, IMD/FPIC/CIR/P/2016/45 dated March 29, 2016 and IMD/FPIC/CIR/P/2016/107 dated October 03, 2016 and IMD/FPIC/CIR/P/2017/30 dated April 03, 2017 regarding the allocation and monitoring of FPI debt investment limits in Government securities.
2. It has been decided to revise the limit for investment by FPIs in Government Securities, for the July - September 2017 quarter, as follows:
 - a. Limit for FPIs in Central Government securities shall be enhanced to INR 187,700 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 revised to INR 54,300 cr.
 - c. The debt limit category of State Development Loans (SDL) shall henceforth have two sub-categories, namely, SDL-General and SDL-Long Term. SDL-General shall be available for investment on tap for all categories of FPIs while SDL-Long Term shall be available for investment on tap for only Long Term FPIs. The limit for investment by all FPIs in SDL-General shall be INR 28,500 cr while that for SDL-Long Term shall be INR 4,600 cr.



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

Type of Instrument	Upper Cap as on July 03, 2017 (INR cr)	Revised Upper Cap with effect from July 04, 2017 (INR cr)
Government Debt – General	184,901	187,700
Government Debt – Long Term	46,099	54,300
SDL – General	27,000	28,500
SDL – Long Term	--	4,600
Total	258,000	275,100

4. Future increases in the limit for FPI investment in Central Government securities will be allocated in the following ratio - 75% for the Long-Term category of FPIs and 25% for the General category of FPIs.
5. The practice of transferring unutilized limits of the Long-Term category to the General category of FPIs shall be done away with.
6. To harmonize the approach to FPI investments in SDLs with that for Central Government securities, future increases in SDLs would be in the ratio of 75% for SDL-Long Term and 25% for SDL-General category of FPIs.
7. 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.

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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