



भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

CIRCULAR

IMD/FPIC/CIR/P/2019/37
March 12, 2019

To

1. **All Foreign Portfolio Investors** (through their Custodian of Securities)
2. **All Custodians**
3. **The Depositories (NSDL and CDSL)**
4. **The Stock Exchanges (BSE, NSE and MSEI)**

Dear Sir / Madam,

Sub: Review of Investment by Foreign Portfolio Investors (FPI) in Debt Securities

1. SEBI and RBI, after mutual consultations, issued Circular No. CIR/IMD/CIR/P/2018/101 and A.P. (DIR Series) Circular No. 31, respectively, both dated June 15, 2018 reviewing the requirements w.r.t investment by FPI in Debt securities. Both the circulars had, inter-alia, mandated that no FPI shall have an exposure of more than 20% of its corporate bond portfolio to a single corporate (including exposure to related parties of corporate as defined under section 2(76)(viii) of Companies Act, 2013).
2. Now, in order to encourage a wider spectrum of investors to access the Indian corporate debt market, RBI vide A.P. (DIR Series) Circular No. 19 dated February 15, 2019 has withdrawn with immediate effect the above provision w.r.t. exposure of more than 20% of FPI's corporate bond portfolio to a single corporate.
3. To give effect to the same in SEBI Circular dated June 15, 2018, the said provision in SEBI Circular dated June 15, 2018 stands withdrawn with immediate effect.
4. Further, in accordance with Regulation 21(5) of SEBI (FPI) Regulations, 2014, in respect of investments in the debt securities, the FPI shall also comply with terms, conditions or directions, specified or issued by the Board or RBI, from time to time, in addition to other conditions specified in these regulations. Thus, it is clarified that all



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the circulars and directions issued hereinafter by RBI w.r.t investment conditions for FPI Investment in corporate debt securities shall be complied with as per the timelines specified in the RBI circular(s). No separate circular(s) shall be issued by SEBI. All the intermediaries may take steps required to operationalize the RBI Circular(s).

5. Any non-compliance with the requirements prescribed by RBI from time to time w.r.t corporate debt securities shall be liable for action in terms of SEBI (Foreign Portfolio Investors) Regulations, 2014.

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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